

IN THE SUPREME COURT OF NEW ZEALAND

SC 46/2013
[2013] NZSC 86

BETWEEN NAPIER TOOL & DIE LIMITED
 Applicant

AND ORAKA TECHNOLOGIES LIMITED
 First Respondent

 ORAKA GRADERS LIMITED
 Second Respondent

 MICHAEL WILLIAM SCHWARZ
 Third Respondent

Court: Elias CJ, McGrath and Arnold JJ

Counsel: K J Crossland for Applicant
 B P Henry and A E McDonald for Respondents

Judgment: 12 September 2013

JUDGMENT OF THE COURT

- A The application for leave to appeal is dismissed.**
- B The applicant must pay the respondents (collectively) costs of \$2,500 plus all reasonable disbursements, to be fixed, if necessary, by the Registrar.**
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REASONS

[1] The applicant, Napier Tool & Die Ltd (Napier Tool), applies for leave to appeal a decision of the Court of Appeal¹ holding that it infringed the copyright of the first respondent, Oraka Technologies Ltd, in drawings of a cup assembly forming part of a machine for the automatic grading of asparagus spears.² In making this

¹ *Oraka Technologies Ltd v Geostel Vision Ltd* [2013] NZCA 111 [*Oraka* (CA)].

² The Court of Appeal describes the copyright works at [2].

finding, the Court of Appeal overturned the finding of Allan J in the High Court that no breach of copyright had been established.³

[2] Allan J had held that, although there was clear evidence of the use of the respondents' design as the starting point for the design of the competing work, the differences in detail between the two works were sufficient to rebut an inference of copying, given the fact that the similarities in design were largely dictated by functional constraints or by industry requirements.⁴ By contrast, the Court of Appeal disagreed with the view that the similarities were explained sufficiently by functional constraints. It held that infringement was established because the competing cup assembly was a copy of a substantial part of the original, a conclusion that it considered was supported by agreement between the parties' expert witnesses that the competing design appeared to be a "second generation" of the original.⁵

[3] Napier Tool argues that an appeal to this Court is justified under s 13 of the Supreme Court Act 2003 on two bases. First, it submits that the Court of Appeal approached the three elements for breach of copyright identified in *Wham-O MFG Co v Lincoln Industries*⁶ (substantial reproduction, sufficient objective similarity, and causal connection) in the wrong sequence, by beginning with derivation. Secondly, it argues that the Court of Appeal was wrong to overturn the trial Judge's assessment and exceeded its proper appellate function by substituting its own assessment on an overbroad application of the approach required by this Court in *Austin, Nichols & Co v Stichting Lodestar*.⁷

[4] We are satisfied that there is nothing in these points and that no question of general or public importance arises. The three elements of a copyright infringement claim identified in *Wham-O* are interlinked. How they are addressed depends on context. *Henkel KGaA v Holdfast New Zealand Ltd* treats the ultimate issue in a

³ *Oraka Technologies Ltd v Geostel Vision Ltd* HC Hamilton CIV-2005-419-809, 7 April 2011 at [176] [*Oraka* (HC)].

⁴ *Oraka* (HC), above n 3, at [176].

⁵ *Oraka* (CA), above n 1, at [146].

⁶ *Wham-O MFG Co v Lincoln Industries* [1984] 1 NZLR 641 (CA) at 666, as cited in *Oraka* (HC), above n 3, at [53]; and *Oraka* (CA), above n 1, at [85].

⁷ *Austin, Nichols & Co Inc v Stichting Lodestar* [2007] NZSC 103, [2008] 2 NZLR 141.

breach of copyright case as being that of derivation.⁸ *Henkel* illustrates that the question of derivation may often be conveniently considered before questions of substantiality, themselves requiring assessment against what was actually copied, a point made here by the Court of Appeal.⁹ The overall question is whether the defendant has copied a substantial part of the plaintiff's work.

[5] *Austin, Nichols* affirms that the Court of Appeal is entitled to form its own view on the facts. The Court of Appeal's disagreement with the decision of the High Court does not arise out of any error of law as to its functions. Rather, the Court of Appeal came to a different conclusion on the facts, which it justified in its reasons and which turned in particular on its assessment of the significance of the so-called functional constraints. The Court of Appeal identified several design elements, not amounting to functional constraints, that Napier Tool had copied, and held that in combination they involved a substantial copying.¹⁰

[6] The grounds for leave to appeal have not been made out and leave is accordingly declined. The applicant must pay the respondents (collectively) costs of \$2,500, plus all reasonable disbursements, to be fixed by the Registrar if necessary.

Solicitors:
Stace Hammond, Auckland for Applicant
Tim Kinder, Putaruru for Respondents

⁸ *Henkel KGaA v Holdfast New Zealand Ltd* [2006] NZSC 102, [2007] 1 NZLR 577 at [43].

⁹ *Oraka* (CA), above n 1, at [87].

¹⁰ *Oraka* (CA), above n 1, at [146].