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IN THE SUPREME COURT OF NEW ZEALAND  
I TE KŌTI MANA NUI

SC 96/2019  
[2019] NZSC Trans 32

**BETWEEN** **SEALEGS INTERNATIONAL LIMITED**

Appellant

**AND** **YUN ZHANG**

**ORION LIMITED and ORION MARINE LIMITED**

**SMUGGLER MARINE LIMITED**

**DARREN LEYBOURNE**

**VLADAN ZUBCIC**

**DAVID PRINGLE**

**STRYDA MARINE LIMITED**

Respondents

Hearing: 5 December 2019

Coram: Glazebrook J  
O'Regan J  
Ellen France J

Appearances: B P Henry and A R Kenwright for the Appellant  
J G Miles QC and A K Hyde for the Respondents

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**CIVIL ORAL LEAVE HEARING**

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**MR HENRY:**

May it please Your Honour, Henry for the appellant with Ms Kenwright.

**GLAZEBROOK J:**

Mr Henry, Ms Kenwright.

**MR MILES QC:**

May it please Your Honours, I appear with Ms Hyde.

**GLAZEBROOK J:**

Mr Miles, Ms Hyde. Mr Henry?

**MR HENRY:**

Thank you. There should be two extra pieces of papers supplied to Your Honours. The first is section 5 of Copyright Act 1994, which was omitted from the casebook. The second is a series of exhibits which show the design path in respect of the yoke of the Orian product.

Where I'd like to start, Your Honours, is in the appendix of the trial Judge's judgment, because that has the front leg assemblies so that we can first off get an understanding of what it is we're talking about in respect of the model of the appellant's and what we say is the infringing item of Orian. And figure 1 has a comparison between the items, and as you work down each of the little blocks it sets out the order of the items involved, starting with the front lift cylinder, then the hydraulic hose lines, the leg pivot with the hull and the yoke, the u-shaped yoke. The yoke has on the rear of it mounted a steering cylinder which has got –

**GLAZEBROOK J:**

I must say for myself I'm actually having a bit of trouble following you without knowing exactly what you're pointing to.

**MR HENRY:**

In the appendix at the back of –

**GLAZEBROOK J:**

I understand that.

**MR HENRY:**

– the trial Judge’s judgment, Your Honour, there’s a picture of four figures...

**O’REGAN J:**

We’ve got those, but which one are you referring us to at the moment?

**MR HENRY:**

I’m in figure 1, and on the left-hand side you’ve got the Orian –

**GLAZEBROOK J:**

Well, figure 1 we’ve got the black –

**O’REGAN J:**

I just wonder if figure 1 has been – that’s what we’ve got as figure 1.

**MR HENRY:**

My judgment’s got...

**GLAZEBROOK J:**

Well, we haven’t.

**O’REGAN J:**

That isn’t what you filed with the Court.

**GLAZEBROOK J:**

Perhaps if you give that copy to the registrar and he can get some copies for us?

**MR HENRY:**

Well, it’s – yes.

**GLAZEBROOK J:**

Or have you got other copies there? Yes, we’d sort of assumed that what was down in figure 2 was sort of a blown-up bit of what was in figure 1 but...

**MR HENRY:**

I have another copy.

**O'REGAN J:**

So it's just the page, the first page of the appendix?

**MR HENRY:**

It's just the appendix at the very end of the judgment.

**ELLEN FRANCE J:**

Well, are you going to refer to figure 3 as well, Mr Henry, because that's...

**MR HENRY:**

I'm going to go through all of the figures.

**ELLEN FRANCE J:**

Because the...

**GLAZEBROOK J:**

The whole of the appendix.

**ELLEN FRANCE J:**

They've all got that blacked out, well, three of them have.

**O'REGAN J:**

We do have figure 2, if you want to address us on that in the meantime?

**MR HENRY:**

I can deal with figure 2 certainly. Figure 2 is the Sealegs front leg assembly, and there's an overlay of the Orian front leg assembly put in there. So on the left-hand side you see the overlay of how their front leg assembly works. It's then put over the Sealegs design and then it's put over the Orian three-wheel drive design. And the point we make is that all of the features in that overlay are virtually identical between the two products, and we used this diagram and figure 3 as a further diagram to demonstrate not only objective

similarity but the fact of copying and the fact that there had been a substantial adoption of the design of the appellant.

Now I need to deal with some of the issues in the Court of Appeal judgment and the first one is the Court of Appeal at paragraph 146 makes the allegation that the appellant counsel, namely me, did not in the written closing raise geometry, and that's just simply wrong. From my learned friend's paragraph 57 of, so in the closing, paragraph 57 of the closing raises *Oraka Technologies Limited & Ors v Geostel Vision Limited & Ors* [2013] NZCA 111 (*Oraka No 2*) and of course in *Oraka* geometry was a very important factor in the Court's decision that there was an original works which was of high originality. Then at paragraph – sorry, paragraph 38 I mention the decision – paragraphs 57 and paragraphs 111 both expressly dealt with geometry. And the point I make is that, you know, I've had many things said about me in my 46 years in the profession, but this one just shows the Court of Appeal is quite inaccurate in some of the comments it's made, and one of the themes in this submission will be that the Court of Appeal judgment suffers from inaccuracy in a lot of conclusions they've drawn –

**O'REGAN J:**

Yes, but we're not a second Court of Appeal.

**MR HENRY:**

I understand that, Sir.

**O'REGAN J:**

You've got to address the appeal criteria.

**MR HENRY:**

I'm happy to do that, Sir. It's just –

**ELLEN FRANCE J:**

So, sorry, Mr Henry, you're saying yes, there was, the Court says there's reference to the extract but you're saying in addition it was specifically referred to?

**MR HENRY:**

It was specifically referred to. And the other point I wish to comment –

**GLAZEBROOK J:**

Although I think the point is what we really want here is to identify what you say are the errors law and errors of principle, and for myself it's not going to be terribly helpful to know whether or not they made mistakes of fact or mistakes in terms of the submissions, because that isn't, that's not going to convince us to grant leave.

**MR HENRY:**

I understand that, Your Honour. I'll move on.

**GLAZEBROOK J:**

I understand why you're making those submissions in the sense of they may be something that would be important if we do grant leave to appeal because they show the errors that have been made, but we need, for this hearing at least, just to concentrate on the supposed errors of principle and of law.

**MR HENRY:**

Well, they can be done, in my view, quite simply. The starting point is paragraph 84 of the Court of Appeal judgment, and in paragraph 84 His Honour talks about – sorry, 80 – he talks about the role of copyright in relation to functional designs and says it's long been controversial. We totally agree with that and we say it's a controversy that needs to come to this Court so we can get some clarity as to where we go. His Honour quotes from a law reform paper, but our point is very simple. Section 75 has determined that argument by Parliament saying copyright for industrial applied objects – and functional design are industrial applied objects – is there for 16 years after the

fiftieth copy is sold. And that's very important, because with design registrations and patents you get your time period from when you first file a document, and you must file that before it's in the public arena. Copyright, that doesn't matter. You're allowed to go into the market, modify your product, get it working and, when you've got your finalised design, go into production, and once you've sold 50 copies you've got 16 years of protection. So it's a very, very valuable commercial right. So our first point is that we're dealing with something that is an extremely valuable commercial right, and a lot of businesses, in this case the appellant, it's a listed company, and this is an asset that it has in its sheath. So the first point we're making is that the whole issue of functional constraints and functional, as the Court called it, "functional operability", is simply a very important point of law.

So what are the points we're really making? The first is we say there are no functional constraints as defined in law, and the definition we say is current is in *Oraka No 2*. The second point, we say, is that there is no functional constraints on these facts that can be used on the question of originality. Functional operability is not a functional constraint. The fact that someone comes up with a design, optimises it to the best product they can do, so anybody looking at competing with them has to better their optimisation of a design, is not a functional constraint. And we say the Court of Appeal has erred because they have, by going through functional operability, stepped in to saying it's a functional constraint. It's not. We'll come back to that in detail.

The third point is there are no functional constraints in the nature of functional constraints as currently defined by *Oraka No 2* available to these respondents in the issues of derivation or substantiality, because again the functional operability is not a functional constraint. The fact that you've seen the best to do something for your design decisions is not a functional constraint, and in *Oraka* the argument there was quite simple. What they were trying to say and what the trial Judge accepted is that the Oraka grader, which is the machine that took the cup assembly, the Oraka grader was a functional constraint. And on appeal the Court of Appeal said it's not a functional constraint of the type that's available because it's not a functional constraint for asparagus

graders per se, it was a functional constraint of a cup to go into that one machine, and the bigger machine was designed by the same designer as who had designed the cup for his machine, and in our submission the Court of Appeal has left us in a position where this issue about a combination of features being a functional constraint if it's the optimised mechanical solution is going to stop a lot of valid copyright proceeding – indeed, in the *Oraka* case the asparagus cup was a collocation of known features, it was a cup with V, it was a chassis, it was a little trigger, and it had been put together in a special way to go with the bigger Oraka machine. But it's a collocation, and everything's doing known things. So if you say, well, look at the functional operability, then you could have argued in *Oraka* that the *Oraka No 2* decision was wrong, and our submission *Oraka No 2* is precisely the law and it should be held to be, if leave is granted, to actually accurately state the principles and how you analyse a breach of copyright.

The fourth point we make is that the Court of Appeal said that the trial Judge had read too much into *Oraka No 2* and the sequencing and how things are done, and we disagree with that. In our submission the trial Judge applied *Oraka No 2* accurately and he came to the correct result.

**O'REGAN J:**

Well, that's just application of existing law to the facts, isn't it?

**MR HENRY:**

Yes, Sir.

**O'REGAN J:**

That doesn't raise a point of public importance, it's just how you apply the law in your case.

**MR HENRY:**

We say it does, because what we're saying is where the Court of Appeal had said he's over-read the judgment, that's an error of law, because he should have applied it.



**O'REGAN J:**

But is it a point of public importance or a point of commercial significance, or is it just an error that's been made on the facts of this case?

**MR HENRY:**

Well, we say it leads to a pretty serious miscarriage of justice because at the end of the day if *Oraka No 2* was applied as per the trial Judge you have a totally different result, and it's commercially important because we, society needs to know what it is is the applicable law. But I accept Your Honour's point. What we're saying is *Oraka No 2* is right and the Court of Appeal has erred in that they have made serious mistakes around this concept of functional constraints and how functional constraints are to be applied to facts such as *Oraka* and facts such as this.

**GLAZEBROOK J:**

So you're saying this is just an illustration of the Court of Appeal not applying *Oraka No 2* as you say it should be interpreted, is that the submission?

**MR HENRY:**

Yes. So what we say is that when you actually look at these two cases side by side, you now have a difficulty as to how you're going to approach a trial, because *Oraka No 2* was quite clear, and now we have a very difficult situation around what is to happen with the concept of functional operability as a functional constraint, and –

**GLAZEBROOK J:**

Perhaps if you could delve into that a bit more in terms of where you say the misunderstanding – because what it seems to boil down to is your submission is that there was a misunderstanding of what *Oraka No 2* says the law was. So perhaps if you can just point us to places in the judgment and in *Oraka No 2* where you say that's occurred?

**MR HENRY:**

The way to do that is to go back into the judgment of the trial Judge and the sequence of paragraphs 18 to 25, and the reason we do that is in those paragraphs His Honour sets out the sequence leading to the development of the prototype boat 1, which is the first copyright work, and the sequence of course was they went through two operating boats and then, paragraph 19, the Court sets out the design decisions that Mr Bryham made –

**GLAZEBROOK J:**

I was really asking in terms of the legal question. If you can take us to what *Oraka No 2* says about functional constraints and what the legal position says in terms of functional operability that you say was an error? Because we're looking at copyright we're not looking at the idea behind the copyright, we're looking at the expression of the idea and, because we're looking at the expression, how anything was designed is probably slightly beside the point. I'm not suggesting it's beside the point in a trial sense, I'm just suggesting it's probably beside the point in trying to identify the error of law.

**MR HENRY:**

What we say is if you go to *Oraka* at paragraph 129 where the Court sets out the law, what the Court is doing there is discussing the issue of functional constraints, and my interpretation of this decision is that what, particularly at paragraph –

**GLAZEBROOK J:**

Are you sure it's 129?

**MR HENRY:**

No, it starts at 129, Your Honour, it goes over to in particular 132, where the Court says, "Functional constraints have been considered in the United Kingdom under the notion of commonplace," and the Court then goes on to say at 133, "Functional constraints is primarily relevant to the earlier questions regarding originality of the work and whether copying has in fact occurred. Functional constraints may also assist in determining the originality

of the respective works and whether a substantial part of the claimant's labour and skill has been taken by the defendant." So the definition of what is a functional constraint is put into very sharp focus by the Court of Appeal judgment because they have, as I read their paragraphs, particularly through paragraph 121 and the sequence after that, they have taken a view –

**GLAZEBROOK J:**

Sorry, which judgment are we in at the moment?

**MR HENRY:**

This is the Court of Appeal judgment, Your Honour.

**GLAZEBROOK J:**

No, I understand that. But in this case or the...

**MR HENRY:**

This case, my apologies.

**GLAZEBROOK J:**

So we're now comparing that to paragraph 121, is that right?

**MR HENRY:**

Yes, Your Honour. He starts a discussion about where he's going with functional constraints, and we say he goes right away from looking at what is commonplace, what is in the outside world, which is a functional constraint. 122, he has this, "Even to the untutored that seems an obvious point. Starting with the extremities," and he then sets out how you put what he calls the "functional operability" together and says there's nothing in there of any great value. But in that analysis he's not looking at what are the commonplace constraints for amphibians, he omits to look at, for example, design decisions to put all of the features outside the hull, the steering mechanisms, how they're done, there's a whole lot of factors left. None of those are something that is commonplace, but this Court seems to be regarding them as commonplace and that, we say, is wrong in law because it

has to be something commonplace in amphibians, not something commonplace elsewhere. So when he carries on to look at the –

**GLAZEBROOK J:**

And why do you say that, in terms of amphibians?

**MR HENRY:**

Well...

**GLAZEBROOK J:**

Well, let's just, perhaps if we go back to say in terms of functional constraints they can be looked at in relation to the originality of the work, whether copying is incurred, and they may also assist in originality and whether a substantial part has been taken. What exactly are they, what are you criticising in terms of any of those features here in terms of what's being said?

**MR HENRY:**

We're not criticising paragraph 133. What we're saying is that when you come over to the *Zhang v Sealegs International Limited* [2019] NZCA 389 Court of Appeal judgment they have not kept in mind what is a functional constraint as defined in paragraph 132. A functional constraint has to be something commonplace, so you have to have evidence that this is something commonly done in amphibians, you have to have evidence to show that...

**GLAZEBROOK J:**

Why amphibians particularly? Because, I mean, if something is absolutely totally commonplace to put a wheel on something, why do you say, well, it has to be commonplace for amphibians?

**MR HENRY:**

Because that is the product that this design deals with, and what we say is it must be quite acceptable to look around to other areas and bring in concepts, put them into your iteration, your design, and so long as no one is doing that commonplace in amphibians then it's not a commonplace thing.

**GLAZEBROOK J:**

So the submission is if you get a collection of commonplace objects, put them together in a context that hasn't yet been put together, and that is a sufficient originality –

**MR HENRY:**

Correct.

**GLAZEBROOK J:**

– for the, well, given that you have to have virtually no originality for copyright in any event, but you say that's a sufficient originality?

**MR HENRY:**

Yes, it's a two-step thing. It must be wholly the work of the author, no copied from somewhere else, and the second thing is to have a degree of, to have a degree that's acceptable in originality to have value. What's been put together must be something that there is a degree of thought, effort, skill and work. So the fact that they have taken known features as part of how they do something that isn't known, which is creating a front-wheel assembly on an amphibian, we say is acceptable, and it's not a functional constraint because some digger or something like that's got a hydraulic system that's not dissimilar. The point is, what we say is it can be done other ways, and so long as it can be done other ways it can't be a functional constraint. So the fundamental error of law, we say, is that the definition of functional constraint has not been applied, and that definition is found in *Oraka No 2*. And had that definition been applied then you wouldn't have a discussion and a debate about the functional operability because it's simply not a functional constraint.

**O'REGAN J:**

We've got this material now if you want to take us back to it.

**MR HENRY:**

Thank you, Sir. We've shot ahead.

The purpose of that was just simply to illustrate to the Court what we're talking about with the front leg, and the sequencing of the design is set out there and that just shows the sequence of the mechanical parts. And one of the critical design decisions made was that everything for this amphibian was going to be put on the outside of the hull, the earlier boat's steering was done by the back wheel, steering was done through the hull, and this particular design the steering is done completely external by the placement of the steering link arms at the back of the yoke. And these are not functional constraints, there are other ways to do it, and the whole point is is when you look at what has been done, that is our design, that is how we did it, but there is nothing in the evidence to say that this is because there was no other way to do it. And a functional constraint, we say, as a matter of law has to be something that gets to the point that there was no other way to do it, and that's the fundamental error, we say, the Court of Appeal has made, is they have taken a functional constraint and shifted the definition to the point where, "Oh, well, that's the optimum way to do it," and we say that in the matter of law is wrong.

**GLAZEBROOK J:**

So are you saying that the originality in the design, getting away from the copyright, was that it was all on the outside of the hull?

**MR HENRY:**

That was one of the – sorry.

**GLAZEBROOK J:**

And then you say that even if, in that circumstance there's only one way, if the evidence went this far, to operate it in that circumstance, it doesn't provide a functional constraint as a matter of law –

**MR HENRY:**

Correct.

**GLAZEBROOK J:**

– because you could have had it inside the hull or in any other place and still had the same result, is that the...

**MR HENRY:**

Yes, that's the argument. Every time you make a design decision you reduce the options you've got as to how you're going to make the machine, and what we say is that that first design decision certainly cut down the ambit of where the design was going. But that's not a functional constraint, that's a design decision, and in our submission the issue here is that the Court of Appeal in the *Sealegs* case has really moved to a point where having a series of design decisions made which leads to how the machine is put together is a functional constraint, and we say as a matter of law that is simply wrong.

**GLAZEBROOK J:**

So if I can put this another way, the argument is that if you've made a series of design decisions that mean that the only thing that you can design – well, I suppose in terms of *Oraka* you've made a series of design decisions that would say that the cup has to fit in to the particular machine that you're looking at and, having made the design decision, that that, the machine is the one it has to fit and you can't say that's a functional constraint, even if there's only one way to do it.

**MR HENRY:**

That is the submission and that, we say, is what the *Oraka* decision held.

**GLAZEBROOK J:**

Right.

**MR HENRY:**

It was not a functional constraint of the type they could rely on, and we say here that the functional constraint that the Court of Appeal has used just isn't, as a matter of law, right. If we go to the application for leave, we set this out in paragraph 3, and that is the nub of the point of law we want to argue, which

is where and what are functional constraints and how do they operate in fact situations of *Sealegs*, *Oraka* and *Steelbro NZ Ltd v Tidd Ross Todd Ltd* [2007] NZCA 486 at [106], because we say the facts in all three cases are essentially the same, which is that someone has taken known features, doing what they're known to do, put them together as their own original work and, in *Steelbro* and *Oraka* it got enforced but in *Sealegs* it hasn't been enforced. And in a nutshell, Your Honour, the argument is the definition of functional constraint as a matter of law is wrong as it's been applied in *Sealegs*.

**GLAZEBROOK J:**

Right.

**MR HENRY:**

And it doesn't go much past that.

**O'REGAN J:**

And you're saying it's not a misapplication of the law to the facts, it's actually a misstatement of the law?

**MR HENRY:**

It's a misstatement of law. And what we say, it's important that this Court defines and spells out how functional constraints are to be applied in industrial applied copyright, and I emphasise the fact that this is about industrial applied copyright, because every case I'm aware of, apart from *Wham-O MFG Co v Lincoln Industries* [1984] 1 NZLR 641, which was a little plastic disc, certainly every one involving a complex machine, they're not innovations like patents, they are known items being put together in an original design, and everybody suddenly wants to copy that design because it actually is commercially successful, and that's the feature of *Oraka*, that's the feature of *Steelbro* and that's the feature of *Sealegs*.

**O'REGAN J:**

All right.



**MR HENRY:**

I don't know if I can take it much further, Your Honour. But I do refer to the application, because we set out how under the various grounds it sets in, but that's, no point reading that.

So unless there's any other matters, Your Honour, that really covers the point of law that we wish to argue.

**MR MILES QC:**

Well, Your Honours, I think the key elements that my friend is relying on have now been straightened out I think, and the note I have is that there are really three issues, which my friend really concentrated on in the last 10 minutes of his submissions.

When faced with the issue of the finding in the Court of Appeal that this was a commonplace sequence of known industrial components, keeping in mind that it's the sequence that is the copyright work that is being relied on here, which by the way was a fundamental part of course of the case, this is a not a case where reliance was placed on drawings, and while it is open to an applicant to say, "I am relying on prototypes or models rather than drawings," it's a very, very unusual case where such a course is taken. You can search the reports both in New Zealand and in England, and apart from the *Thornton Hall Manufacturing Limited v Shanton Apparel Limited* [1989] 3 NZLR 304 case involving a dress, it is virtually impossible I think to find a case where prototypes were relied on rather than drawings. And it's not as if the drawings didn't exist, there were 147 of them, and they were pleaded, they just weren't relied on at the hearing. And the reason of course that it wasn't relied on, as suggested by the Court of Appeal, certainly suggested by me and picked up by the Court of Appeal, is that the problem you have is the moment you rely on drawings you then have to show some visual similarity between the drawings relied on and the drawings produced by the defendant, and of course there isn't any. And so as a consequence my friend opened and closed in the High Court saying, "Visual comparisons are irrelevant here." I am unaware of any proposition anywhere in the Commonwealth that suggests

that that's the appropriate test of copying in copyright. It is fundamentally a visual element, and to show infringement there has to be the same or materially similar drawings or three-dimensional reproductions of those drawings. So the plaintiff was stuck with the proposition. It was really raised for the first time at the hearing that he was relying not on copying the drawings, but on the sequence, the way well known commonplace industrial components were connected to produce a straightforward system of raising and lowering wheels in a boat, and that was described by both the experts, Dr Gooch and Dr Field, as commonplace and well-known, and just while I'm still on that topic, by the way Your Honours, that was essentially the conclusions reached in the report by all of the experts, including the plaintiff's experts, which concluded that the component relied on were all functional, and of course they're functional. The components listed by my friend, a hydraulic cylinder, a leg, a pivot, a yoke, the wheels.

**GLAZEBROOK J:**

But that's not the point, is it, if you're saying it's the combination of the commonplace that makes the originality.

**MR MILES QC:**

Yes. That's the argument.

**GLAZEBROOK J:**

Who cares whether they're all functional.

**MR MILES QC:**

Well, yes.

**GLAZEBROOK J:**

Just in terms of what we're looking at in terms of the argument here.

**MR MILES QC:**

It's only relevant, Your Honour, in the sense that these are known –

**GLAZEBROOK J:**

I understand that but it's really just to meet the legal point that's being argued. I don't think that meets the legal point is what I'm saying.

**MR MILES QC:**

No, the legal point is that there has to be skill and judgement in the placing of the sequence. That's where you have to centre on whether there's copyright protection for the sequence and what all the experts said is, there's no skill or judgement in knowing that you need a cylinder and wheels et cetera, or even how you put them together, that's perfectly standard. So there's no originality and that was the heart of the Court of Appeal's finding. There was no originality and by the way there was no visual similarity either.

But just coming back to that point I opened on, which was the key issue as defined now by my friend. The way he put it, and I jotted it down, is this: "There is sufficient originality in putting a known commonplace sequence in a different product. That was the point, you remember, where he said well it's the first time it'd been put on a boat. Sufficient originality in putting a known commonplace sequence in a different product." Now there is no, that, I described a number of the concepts in the Court of Appeal as just copyright heresy, and it was picked up actually in the judgment, but this is just – there's no legitimate basis for that proposition. By the way, there isn't in patent law either. There's no protection for a known commonplace sequence either in copyright or in patent because just because you put the sequence in another product isn't novel. So there is no way that you can legitimately claim either copyright or even patent protection for an idea which is put in place in this obvious way. So that's the first point. As my friend said, that went to the heart of his argument.

Now the second point, when talking about constraints, and he said, "If it can be done in other ways then constraints don't apply." Of course it can't. Of course that's right. But the problem which he didn't face is if it can be done another way, that's an idea, and what is protected is the expression of that idea. So if the plaintiff chooses to express the idea in a particular way, in

which there is sufficient originality, then you can claim copyright. The problem here is that the argument was never put on that basis. The argument was there's a generic right here to – a form of raising and lowering wheels on a boat. It doesn't matter if any of the components are quite different. It doesn't matter if they're all a product of different design decisions, that's all irrelevant. In other words, a total monopoly on raising and lowering legs, the wheels on some hydraulic system on a boat, and that's what was rejected by the Court of Appeal in its analysis of both the originality and whether there was an infringement.

And the third point, which I already mentioned, is that all of the expert witnesses, all the expert evidence from my client said that the sequence that was adopted by the plaintiff was inevitable. That is just, that's the engineering, the series of commonplace engineering decisions that say it was inevitable. So that is what the Court of Appeal was talking about when they were talking about constraints, not that you couldn't have different expressions of that, but basically you had to use those components.

And finally my friend said to you, well, why he needs leave is this Court is needed to sort out the issue of how functional constraints operate in industrial copyright, that's how my friend put it, and the rationale for that, he said, is there's disagreement between the Court of Appeal decision and *Oraka*. Now let me correct two or three fundamental misunderstandings that my friend has suggested arising out of *Oraka*. The first and most obvious point is *Oraka* was followed in the Court of Appeal, they spent a good deal of time discussing it and agreeing with it, and you get that basically at really at paragraphs 130 in the judgment through to 133 and finally to 136 where they discuss the issue of infringement and principles. And at 130 they actually set out the *Oraka*, that's part of the *Oraka* judgment, starting at paragraphs 85, and then they go on to discuss further *Oraka* at 132.

Now what *Oraka*, what my friend – well, he didn't actually discuss this in his submissions to you but in his written submissions. The reason why he says that *Oraka* wasn't followed is that he was talking about how you deal with the

sequence of elements of infringement that *Wham-O* talks about. If you've just got those paragraphs from the judgment in front of you, at paragraph 130 they set out the three elements that *Wham-O* said should be followed: substantiality, objective similarity and causal connection. Now no one disagrees with that. There was a discussion in *Oraka* about whether you look at those elements in that order and whether in some way that's a mandate for saying you have to approach infringement by discussing, firstly, substantiality, et cetera. *Oraka* said, "Well, you don't have to do that," logically in *Oraka* they said, "We want to look at objective similarity first."

And if you go to *Oraka* – that's in our bundle of authorities, it's the first case we cite, Your Honour – the relevant paragraphs really are 128 through to 133. If you start at 128 Their Honours, and this was Justice Glazebrook who actually wrote the judgment, but Her Honour said, "We address Napier Tools' submission relating to functional constraints in the next section," which is substantiality, "as it more logically fits there in this case," and that's because there was no independent design path and the functional elements, if any, were copied. In other words, in *Oraka* it was accepted there was no independent design, it was accepted there was copying, the only issue was how much. So substantiality was the key point. But Their Honours went on to say of course you don't look at functional restraints just on substantiality, they're intertwined, and that's where at 131 and 132 and 133 makes the point. At 131, "The issue of functional constraints may become important at this point. If similarities between two works are dictated by the function... then the similarities are an inevitable consequence of the object and its function rather than the labour and skill..." And that's an entirely orthodox exposition of the role of functional constraints. They talk about how that's described in the UK as "commonplace". Same point. If it's very ordinary, given the constraints in place, there's nothing new added, then the originality is non-existent. And that's exactly the finding of the Court of Appeal which my friend is seeking leave to appeal from.

Then at 133, "Although the existence or otherwise of functional constraints is primarily relevant to earlier questions regarding the originality of the work and

whether copying has in fact occurred... may also assist in determining substantiality.” In other words, a recognition that functional constraints can become relevant at any level in the discussion. And if there was any need to confirm the obviousness of that point, can I just take you to the judgment of this Court in the leave application to *Oraka*, and you find that at page 139, and it was leave to appeal was dismissed.

**GLAZEBROOK J:**

Sorry?

**O'REGAN J:**

139 of that.

**MR MILES QC:**

139, yes. The numbers are down the bottom. And paragraph 2, halfway down, “The Court of Appeal disagreed with the view the similarities were explained sufficiently by functional constraints. The competing cover assembly was a copy.” And at 3 the appellant says, “Well the Court of Appeal approached the three elements of breach of copyright in the wrong sequence beginning with derivation.” And at 4, “Nothing in these points. The three elements of the copyright infringement claim are interlinked. How they are addressed depends on the context. *Henkel KGaA v Holdfast New Zealand Ltd* [2006] NZSC 102, [2007] 1 NZLR 577 treats the ultimate issue and breach of copyright as being a derivation.” And it concludes, “The overall question is whether the defendant has copied a substantial part of the plaintiff’s work.”

So the primary point made in the written submissions, and in the points of appeal, is that the Court of Appeal misapplied *Oraka* because it adopted a different sequence. All the Court of Appeal did was it addressed the issue of whether there is any, when addressing the issue of originality it said, there is no originality in the sequence because the sequence was derived from how a leg works, and when you go to 122, really it starts on the –

**O'REGAN J:**

This is of the current Court of Appeal?

**MR MILES QC:**

This is the current Court of Appeal, yes Your Honour. If you go to 106, “was the arrangement of features original,” and that’s the key section we’re dealing with, and they point out at 106, it’s, “The sequence of the collocation of known components. Rather, apparently treating novelty and originality as synonymous, he seized on the description of the Sealegs design as ‘unique’.” Now just on a passing point, the concept of uniqueness has nothing do with copyright. Copyright works don’t have to be unique. If two people just in separate rooms happen to produce the same drawing independently they both have copyright. It’s taken straight from patent law. So that was the first point.

Then they go on to talk about Dr Field’s evidence and the conflation of the idea and the expression, at 109 nothing more than a description of the idea, and then we get into *Oraka*, and importantly at 117 – and this is another key issue which my friend constantly overlooks when talking about *Oraka* – *Oraka* is not a collocation case such as *Bonz Group (Pty) Limited v Cooke* [1994] 3 NZLR 216 (HC) and *Henkel*, it was based on four drawings. As I understand it, you had one drawing showing the whole machine and then three drawings showing individual components, absolutely orthodox industrial commercial copyright. You then have a look at each of the drawings and see whether there’s enough originality in there or whether the drawings are simply driven by the fact that you can’t have a drawing of any other nature because of the function of what that drawing depicts, and they concluded that the drawing of the cup did involve some originality because it had different dimensions. Put another way, Your Honours, I think the position was that while they had to have a cup that fixed, that actually fitted into the machine, they could still produce something that had different dimensions, it doesn’t matter quite how that’s worked, but that’s the heart of the judgment. And they held yes, because of the different dimensions they’d obviously copied those dimensions when they could have used different ones, and there was an element of

originality in that drawing, although relatively low, but enough to show copying in that case because they literally just copied the product.

Now they then get into the discussion about the combination of features at 120 and so on, and then at 121, "We do not consider that the evidence demonstrated that the selection of the sequence of such generic known components required substantial skill and labour." "We agree with Mr Miles' submission that Sealegs' evidence focused on the testing of the components themselves, not the order in which they were to be arranged." Then you've got Gooch's comments, "A pretty conventional way of putting a leg on the ground," "If you need to put a leg on the ground," then, "you're going to have all those basic components." Could you just make a note that there's a long section at 142, also a quote, that's taken straight from Gooch, where he goes into that series of questions in greater detail and you'll see it, reading the last of those answers at paragraph 142, "Yeah, it's a pretty conventional way of putting leg on the ground," and so on, and that's just the whole quote. So both Gooch and Field were adamant that it is entirely a commonplace collection of those components and at 122 Their Honours agreed and just said, well you couldn't get much more obvious than that, and so how can there be a claim for copyright in these circumstances, and over the page they say, a couple of lines down, "The significant point is that the location of those components, in terms of their sequence, was dictated by the functional operability of the leg. In our view the degree of originality of the sequence of the various generic components of the leg assemblies is negligible."

Now again my friend altered the emphasis in his oral submissions today. In his written submissions, and in the notice of appeal he emphasised that in some way, which was difficult to follow, that phrase "functional operability" of the leg, had been turned into he said, by the Court of Appeal, into some new copyright concept, and that was clearly wrong. Well, with all due respect, that's just nonsense. When you look at the sentence in the context of which it is written, all the Court is saying is that the sequence, that straightforward, inevitable sequence, was dictated because that's how a leg had to function. It's no more or less than that. So that ground, which was one of the two



primary grounds which underpin the leave application, there's just no basis for it whatsoever.

The other ground, which I've already discussed, is the claim that the Court misunderstood *Oraka* and as I've already pointed out, not only did they not misunderstand it, they followed it. So my friend's argument that there's a conflict between *Oraka* and *Sealegs*, just falls even on that simple proposition.

If I could just, one of the other grounds was the suggestion that somehow in *Steelbro* the – it was discussed of course the issue of ideas versus expression, that classic dichotomy that theoretically bothers Courts, but in practice it doesn't tend to be as difficult as perhaps the concept might be, because generally speaking you can point to the copyright work being the expression of the idea, namely the drawings. That's the obvious way to do it. Or if you're relying on prototypes then those elements of the prototype that they're relying on.

But the most, I think attractive description of what you can or can't do in terms of idea versus expression, can be found in Lord Hoffmann's judgment in *Designers Guild Ltd v Russell Williams (Textiles) Ltd (t/a Washington DC)* [2000] 1 WLR 2146 (HL). Now *Designers Guild*, which is in the bundle, it's discussed in the judgment and followed, although it's Lord Millett's judgment that is actually discussed specifically, but there is a helpful discussion in the judgment by Lord Hoffmann as well, and if I can just take Your Honours to that. It's at page 142 of the bundle. If you would go to page 149, that's in the bundle not the judgment, and Lord Hoffmann starts this paragraph where he discusses the distinction between ideas and expression of ideas and he says, "The first is that a copyright work may express certain ideas which are not protected because they have no connection with the literary, dramatic, musical or artistic nature of the work. It is on this ground that, for example, a literary work which describes a system or invention does not entitle the author to claim protection for his system or invention as such." Well that's fair enough.

But it's the next point which I think is so helpful. "The same is true of an inventive concept expressed in an artistic work. However striking or original it may be, others are (in the absence of patent protection) free to express it in works of their own." And that really, in just a sentence, encompasses the hopeless problem that the plaintiff has, just accepting, just for the sake of the argument, that the idea of putting the wheels on the outside of hull rather than disguising it inside, in an aesthetic marketing issue, just suppose that that was a great idea and that that's what actually sold it. That's not the point. The only protection you've got, if you can't claim that as a patent, and by the way they tried and the Patent Office rejected the patent on the basis of obviousness, but failing that you then have to go for the actual expression of the idea, and that's where the plaintiff inevitably fails. Now His Lordship went on to say –

**GLAZEBROOK J:**

And you say they fail because there isn't visual similarity in any event, or they fail because it's functionally, functional constraints or all of the above or –

**MR MILES QC:**

Or all of the above, yes Ma'am. It's really more fundamental – it fails because of the visual element, but it also failed at the first level of no originality.

**GLAZEBROOK J:**

No I understand that. I knew we had the no originality so I was just – assuming there was originality, I suppose what I'm saying is, assuming there was originality contrary to what the Court of Appeal found in terms of functionality, you say it fails anyway, is that the submission?

**MR MILES QC:**

Quite. Exactly. And it fails on that fundamental dichotomy. The idea versus the expression. And once you get into the expression, the law is quite clear and has been orthodox forever that it's the visual similarity between the copyright work and the defendant's product. Typically you compare drawings but that's just a shortcut really for what the actual comparison is.

His Lordship went on to say, the second proposition, "Certain ideas expressed by a copyright work may not be protected because, although they are ideas of a literary, dramatic or artistic nature, they are not original, or so commonplace as not to form a substantial part of the work." So there you've got those two issues. We say that covers very precisely the problem that the plaintiff has, and more particularly, given that this is a leave application, it drives home the Court of Appeal judgment is entirely orthodox. Now it had to be because the judgment in the High Court was unorthodox at every level, and industrial copyright had to be re-emphasised and put back into more orthodox and traditional format, and that's –

**GLAZEBROOK J:**

So you say the High Court Judge was looking at the originality of the idea, not the originality of the expression of the idea?

**MR MILES QC:**

Exactly, expression, precisely Your Honour, and as a consequence he accepted Gooch and Field's evidence that there was a whole series of different design and industrial decisions made by the defendants in the way they put together their combination. The Judge accepted all that but he said that's irrelevant because they perform the same function, and that was the fundamental heresy running through the judgment.

So credibility never became an issue. There was no issue about the Court of Appeal saying, well, we've reassessed the evidence, we prefer X and Y. They were able to say, the Judge accepted all of those points and simply declined to consider they were relevant. Indeed, actually, he rejected any need to allow technical evidence at all, which was actually one of the grounds of our appeal and the Court of Appeal discussed that, because of course industrial copyright is actually all about expert evidence, but that's by the by.

Since I still have this case in front of me, could I just at least take you to Lord Millett because his judgment is important on the issue of sequencing

when sequencing of the elements of infringement. It's page 151, just a couple of pages further on from Lord Hoffmann and halfway down that page under (e), "The first step in an action for infringement of artistic copyright is to identify those features of the design that they allege has been copied. The court undertakes a visual comparison of the two designs, noting the similarities," et cetera, and then a bit further down, "It is at this stage similarities may be disregarded because they are commonplace, unoriginal or consist of general ideas." So that's the heart of the conventional way of viewing commercial copyright.

It doesn't matter whether you do it at the first step, or the second, or the third, that depends on the facts of the case as in *Oraka*, but that's the process that has to be undertaken. That's what the Court of Appeal did and concluded that there was no originality.

Just to, I suppose. Continue to emphasise the orthodoxy of these views, this is also the approach that our Court of Appeal adopted in *Beckmann v Mayceys Confectionary Ltd* (1995) 33 IPR 543 (CA), we discussed that in our written submissions. In England there's an earlier judgment of Lord Hoffmann in *Billhöfer Maschinenfabrik GmbH v T H Dixon & Co Ltd* [1990] FSR 105 (Ch). I mean it just makes the same point. So you've got relative – and *Steelbro* and *Henkel* and *Oraka*, they're all saying exactly the same point. There is no divergence here in any decision by our Court of Appeal, and the principles that they adopt are orthodox principles adopted throughout the Commonwealth. So there is no need for any intervention by this Court, either on the basis of correction or a restatement of an area which has the potential for going wrong. What we have is an elegant exposition in the Court of Appeal by a very experienced IP lawyer setting out the orthodox basis, firstly of the ideas/expression dichotomy, which he discusses at the earlier part of the judgment, then into originality, and then into infringement.

When you get to infringement, or rather your objective similarity, the next few pages of the judgment deal with that issue, and at 138 Their Honours say, "The Judges' consideration of objective similarity was deficient in four

respects,” and then they deal with those four respects. The first, as he says in 138, the failure to take into account in which the claimed copyright was commonplace, or dictated by functional constraints, and I've discussed that with you. The second was the level of originality. Again Your Honours will know, I mean it's so primer 1 copyright law. The greater the originality the greater the protection, and the converse, the lesser originality there is it's easy to take it out of copy, but of course the trial Judge mis-stated that because he got completely, he bought, if you like, the argument by my friend that this was a highly original idea and hence the rest of the judgment flowed from that misunderstanding, and that's what they talk about at 140.

Then the Tribunal get into the third and fourth error, which by the way not even in my friend's written submissions does he deal with the third and fourth, because the third is the issue of visual similarity, and of course my friend didn't because he advised the trial Judge, both in his opening and his closing, that visual similarities were irrelevant, and we've given you the details there in our written submissions, and that is simply, that's just wrong. That's not what copyright law is about. That's what they get into in the third error. And the fourth, dimensions and geometry. Now I know Your Honour said, well we're not going to get into that sort of detail about whether the Court of Appeal were wrong or not, but my friend was a little misleading on this issue. He said to you, well of course dimensions were relevant because I discussed *Oraka* and in *Oraka* the dimensions were crucial in determining whether the cup had some level of originality. That has nothing to do with the suggesting that the geometry and dimensions of the products here had any relevance, and the Court of Appeal had his final submissions. The Court of Appeal had both my friend's opening and closing submissions, and there was no reliance on dimensions.

**GLAZEBROOK J:**

I don't think we're really very interested in it.

**MR MILES QC:**

No, no, well the Court, my friend said there were a lot of things wrong –

**GLAZEBROOK J:**

I understand.

**MR MILES QC:**

I just felt the need to –

**GLAZEBROOK J:**

I can understand that as well. We don't feel the need to listen really.

**MR MILES QC:**

No.

**O'REGAN J:**

Can I just ask you Mr Miles. One of the points MR Henry made was that when talking about whether something is commonplace, he said you don't just ask whether it's commonplace in the abstract, you ask is it commonplace in the context. In this case he said, is it commonplace in relation to an amphibious craft.

**MR MILES QC:**

Yes.

**O'REGAN J:**

What is your response to that?

**MR MILES QC:**

An irrelevance Your Honour. That was my point, and of course that turned into the heart of his argument, when he said it's okay if it's commonplace so long as it's in a different product, and I say that has nothing to do with orthodox copyright law or even patent law. What he was relying on was the sequence which was an inevitable sequence given that it was a design to get the wheel up and down, and when the engineering expert said that sequence was straightforward and commonplace, it doesn't matter whether it was in a digger or a boat or a wheelbarrow. Either way, that's irrelevant. The issue is

whether any skill and effort and judgement, and that's the standard mantra in determining whether something has copyright protection, did that go into the design sequence or the idea behind it or, as I suggested in the evidence, was actually in the testing, you know, taking the boats out, the prototypes out and seeing whether they work. Clearly, yes, and then you fiddle with the different possibilities, but that's my answer, Sir, to that.

That was really the – having detailed these four flawed concepts, which is at paragraph 153 in the judgment. They didn't make their own assessment. I appreciate Your Honours at this stage they've already said there's no originality.

**GLAZEBROOK J:**

Or some originality in the some of the elements.

**MR MILES QC:**

Well negligible I think is the word they used and they then get into whether there's infringement and at 155, "We commence the analysis by reference to the work in respect of which we found there to be some degree of originality, namely the bespoke form of arrangement visible." I think what they're talking about is the yoke. They do discuss –

**GLAZEBROOK J:**

It's where they say – I was reading it. Never mind. There's a particular issue which they say there were a couple of degrees of –

**MR MILES QC:**

It's the yoke.

**GLAZEBROOK J:**

The yoke?

**MR MILES QC:**

Yes, and the reason why we just annexed the drawing, or the photos rather, of the two yokes, is you can see why then on an infringement argument you couldn't possibly get home because they're so dissimilar. So Their Honours then do what you would expect them to do. They cite *Designers Guild* and *Beckmann* and say what similarities should be disregarded, and they're the commonplace elements. So they do exactly what those two, and actually *Oraka* have said as well, and made their own assessment, and they then at 156 point out all the differences and continue with that analysis and then at 160 and 161, "However, possibly mindful of the differences in the appearance of the two systems, Sealegs confined its claim squarely to what we have described as the generic arrangement." And Your Honours will understand what that were talking about by the "generic". This was made explicit, and they quoted, "However this is a blind alley for Sealegs. The reason for that lies in our conclusion that there was no originality in the sequence," that's why Your Honour I think they just found some element of originality in the yoke but not in the sequence. "Having based its claim not only on a collocation of known components in a functional sequence but also on a collocation of such components of the generic nature described in the schedules, Sealegs' case must stumble at the objective similarity stage for want of a copyright comparator." What he's saying there, of course, is that the argument that they are putting forward is a generic argument ignoring the particular expression because the moment, if Mr Henry had said, I'm relying on the expression of the sequence, it'd run into the instant problem that the components were all designed differently. Different dimensions, different engineering decisions et cetera, which is why he had to rely on the generic, and His Honour said, well, there's nothing to compare because they're not arguing that there is a, that there is two expressions, if you like, that have to be looked at. So there cannot be infringement in those circumstances.

So Your Honours no error, entirely orthodox, followed the very cases that my friend said should be followed, nothing to correct, no need to advise the profession that there should be a different emphasis here, and just as a final point, and I suppose this is a *cri de cœur* really on the part of my client.



They had a, the plaintiffs got an interim injunction against them three years ago now. They then had this lengthy High Court judgment and then a Court of Appeal judgment which, for entirely understandable reasons, took a good deal of time. My clients have been out of the market for three years and if there is any significance in the commercial consequences of either granting or not granting leave, then could I just finish on that note. That the monopoly sought by the plaintiff is outrageous. It's simply preventing competition in any competitor for producing other forms of retractable systems. In my submission, Your Honours, that just has to stop.

I think my time is up anyway but if there's anything further that Your Honours would like from me, otherwise I will sit down.

**GLAZEBROOK J:**

Thank you Mr Miles. Mr Henry? Perhaps, for my benefit, just do your reply, but if you weren't going to cover the visual similarity issue, if you could just briefly – because Mr Miles seems to be saying that's an independent reason the Court of Appeal judgment is correct.

**MR HENRY:**

Well our submission on that is very simple. This is just an altered copying. What they have done is they have taken, directly copied our product, and that's what the trial Judge found, and they directly copied and they deliberately set out to change what some of the pieces looked at. So it's a case of altered copying, and that's the reason we put up that sequence showing how the yoke design went, because there will be evidence, if we get that far in a hearing, that oh, this yoke looks too like Sealegs', so they shifted the design away, and we say it's quite simple. They took our design, worked from it and everything is derived, and the trial Judge found, everything was derived from Sealegs.

**GLAZEBROOK J:**

Is that the test though?

**MR HENRY:**

Well, derivation is the key to copyright. The test is have you copied, have you gone to the other person work, taken it, and does your design derive entirely from the work, skill and effort of the other person.

**GLAZEBROOK J:**

So are you saying if you, I mean just taking it in the literary sense, if you take someone's novel and copy it, but then change every single word in it so that the only thing you've copied is the idea, but because you derived it originally from the novel then you breach copyright?

**MR HENRY:**

No. That's not what we're saying because –

**GLAZEBROOK J:**

Well, what you've just said is derivation is the key to copyright so it doesn't matter how much you change it. So that can't be right, can it?

**MR HENRY:**

I fully accept – well put it this way. You can have, for example, a TV show which has occurred where people have got certain sequences they use, and if you take those sequences you can infringe someone's copyright. What we're saying here is, and it's important because in our discussion before about what is the point of law, and if you look at paragraph 215 through to 219 of the trial Judge's judgment, he talks there about the original design decisions, and the original design decisions were that he was going to place everything exterior of the hull, and everything was going to remain out there, and he accepted the evidence that this was a radical design departure from other amphibious boats. So what we say is that if you take that design decision we made and you start to work down the design consequences, nothing is a functional constraint of the type copyright law talks about. It's a result of a decision –

**GLAZEBROOK J:**

Well don't you say if you take the original idea, and then change that idea, it's not a functional constraint. But aren't you then looking at the idea rather than the expression?

**MR HENRY:**

No. What we are saying is that the expression started when Mr Bryham made the decision, having done all sorts of boats and models, that he was going to design his amphibian with all of the amphibian functions outside the hull, and that's a design decision, it's not an idea, it's a design decision. From that design decision, which no one disputes was a radical design departure, never been done before, everybody accepted that, you then make further design decisions.

**ELLEN FRANCE J:**

What is the basis on which you say that is not an idea?

**MR HENRY:**

The idea is to create an amphibian, and there are thousands of ways to do it. There's an amphibian that's got tractors on either side of the boat that it lifts up and it put its tractors down and it goes up the beach like a bulldozer. There are literally, I think the evidence was, there were 136-odd thousand different ways you could build an amphibian boat, and that was the evidence in the trial. So what we say is the idea was to build an amphibian and the first design decision he made, leading to this copyright work, was that he was going to place everything outside the hull. So he was going to place the legs, in particular the steering mechanisms, because all his earlier designs steering was done first by just breaking the rear wheels and you had a dolly front. The next boat, which was very sophisticated, was steered through an arm that came out to the side of the hull, and that was how he was doing it, and he tested that boat for a long time then decided, no, I am going to go with everything outside the hull, and that was a design decision, and that's what's set out at paragraphs 215 to 219.

We say that that design decision doesn't create functional constraints as per copyright law. It creates design constraints but they are not functional constraints. So when you start to look at a copy, the person copying has taken all of those design decisions and replicated them. But he has altered pieces so it doesn't quite look the same. But altering a copyright model's design in pieces like that, but in actual fact everything is the same, we say is an infringement of the copyright.

**GLAZEBROOK J:**

But isn't the Court of Appeal decision based on the fact that if you want to have, whether it's inside, outside or anywhere, those are commonplace elements put together in a commonplace way with no originality. Now they might be wrong or right in that, but isn't that the basis of the decision?

**MR HENRY:**

No. What –

**GLAZEBROOK J:**

You probably need, again, to just show us where they're made that error of law, rather than error of fact.

**MR HENRY:**

So if we go to 122. He's talking here about his functional operability and where we say he's made an error of law is that what he has done is he stepped partway into the design path of the appellant and as a matter of law he starts talking about these design inevitability, as my learned friend called it, and things like that. The design inevitability has to have come from commonplace. It didn't come from commonplace it comes from an earlier design decision which was as per the trial Judge's findings, a radical departure for amphibious boats. So they are now starting to treat the latter parts of the design path of the appellant as if somehow it is just function and all known.

**GLAZEBROOK J:**

If I put a totally normally wheel on, I don't know, a rocking horse, and nobody has ever put a wheel on a rocking horse before, why, because no one's ever put a wheel on a rocking horse before, does that actually become original, the wheel?

**MR HENRY:**

Putting a wheel on a rocking horse, if never done before, and if that required originality of thought, does become a copyright work that you can protect. What happened here is people have been trying to put wheels on boats to create amphibians or tracks. A whole raft of things has been tried. This particular designer decided that –

**GLAZEBROOK J:**

I can understand the argument that the design is original. What I'm having a bit of difficulty with is why that idea is protected rather than the expression of the idea.

**MR HENRY:**

The idea is not protected because people in history have been trying to put wheels on boats. What is protected is this particular designers expression of how to put a wheel on the boat and he decided, against what was the design thinking at the time, you've got to look at this at the time, of course, when he did it. He designed, contrary to everybody's thinking at the time, it was counterintuitive I think is what Mr Dippie called it at paragraph 219 of the judgment, he decided to make these design decisions, from which design consequences follow. We say that you have to go, when you consider this factual situation, to the original start of the design path by the appellants, and a first decision is not a functional constraint. It doesn't, in any way, provide anything that can affect originality or can impact on the later copying and substantiality because that is an original design decision. That decision then limits where the design is going to, but that's not a functional constraint. It's not a commonplace event and we say the mistake and the error of law is that it has been treated as if the original design decisions are just ignored, and

you look at the final sequence of the model, and the model does have these known integers, but the design has other characteristics which are the fact you have set it right outside the hull, everything is outside the hull, and it proceeds from there.

**GLAZEBROOK J:**

Right. Now you might have had other points in reply?

**MR HENRY:**

You have actually pretty much covered what I intended to cover. There is probably nothing more I really want to add, but it comes back exactly as the application says. We say that the functional constraints, as a matter of law, needs to be clarified.

**GLAZEBROOK J:**

Thank you Mr Henry. We will take time to consider and deliver our judgment in due course.

**COURT ADJOURNS: 11.35 AM**