

IN THE SUPREME COURT OF NEW ZEALAND

I TE KŌTI MANA NUI

SC 105/2020
[2021] NZSC 22

BETWEEN

ESR GROUP (NZ) LIMITED
Applicant

AND

IAN JAMES BURDEN
First Respondent

PGT-RECLAIMED (INTERNATIONAL)
LIMITED
Second Respondent

PLANTATION GROWN TIMBERS
(VIETNAM) LIMITED
Third Respondent

Court: William Young, Glazebrook and O'Regan JJ

Counsel: J G Miles QC and A J Pietras for Applicant
A H Brown QC and J Oliver-Hood for Respondents

Judgment: 11 March 2021

JUDGMENT OF THE COURT

A The application for leave to appeal is dismissed.

B The applicant must pay the three respondents one set of costs of \$2,500.

REASONS

[1] This application for leave to appeal arises out of a procedural imbroglio in a copyright dispute between the respondents (to whom we will refer collectively as Plantation) and the applicant (ESR).

[2] In a proceeding commenced in 2014 (the 2014 proceeding), Plantation alleges infringement by ESR of copyright in technical drawings of furniture making up its “Irish Coast Collection”.

[3] Following a trial in the High Court confined to liability, Duffy J held that ESR had on four occasions (30 July, 28 August and 5 and 12 September 2014) imported items of “Roseberry Collection” furniture which were infringing copies of the drawings.¹ She also held that the other elements of secondary infringement under s 35 of the Copyright Act 1994 had been established (including that ESR knew or had reason to believe that the furniture it imported consisted of infringing copies).² When it came to relief, she said:

[308] The relief I have granted is narrower than that sought by [Plantation] in the statement of claim. [It] sought declarations and injunctions that would cover other products that were a substantial reproduction of [its] copyright works, or that otherwise infringed [its] copyright works. I consider that language to be too general. Until such time as a judicial determination is made on whether products other than the infringing Roseberry products are a substantial reproduction of [its] copyright works my view is that [it] has no entitlement to legal orders that go so far.

[309] [Plantation] has acted promptly to protect [its] rights. I am satisfied that [it] is entitled to the relief sought in the statement of claim. Leave is reserved to [Plantation] (as requested) to come back to Court to pursue the relief by way of damages (including additional damages pursuant to s 121 of the Copyright Act) or an account of profits with interest should [it] choose to do so.

[4] The Judge made an order for discovery against ESR in the following terms:³

... an order that ESR makes and serves upon [Plantation’s] solicitor an affidavit:

- (i) detailing quantities of the infringing Roseberry products that have been imported into New Zealand by itself or in concert with any other party, including but not limited to the second and third defendants; and
- (ii) detailing the name, address and contact details of each person, firm or company to whom ESR has supplied or offered to supply the infringing Roseberry products; and listing and exhibiting copies of all

¹ *Burden v ESR Group (NZ) Ltd* [2016] NZHC 1542. There was also an item from a range known as the Westbury Collection.

² At [260]–[261].

³ At [307(e)].

documents relating to each such importation, supply or offer to supply;

[5] ESR appealed against this judgment with partial success.⁴ The Court of Appeal found that Plantation had not established that ESR had known or had reason to believe that the 30 July 2014 importation contained infringing copies. But it held that ESR had the requisite reason to believe by 28 August 2014.⁵ This meant that ESR was liable for secondary infringement in respect of the importations on 28 August and 5 and 12 September 2014.

[6] Sometime after the Court of Appeal judgment, Plantation learned that ESR was continuing to advertise Roseberry Collection furniture on its website along with other furniture which infringed the copyright in Plantation's drawings. It became apparent (or perhaps more clearly apparent) that there had been a number of importations of infringing copies into New Zealand before 30 July 2014.

[7] In question now is the extent to which Plantation can seek relief against ESR. The High Court and Court of Appeal have held, and Plantation does not dispute, that the 28 August 2014 reason to believe date adopted by the Court of Appeal in the liability appeal precludes claims for secondary infringement in respect of infringing copies imported before that date. ESR accepts that Plantation may claim relief in respect of any infringing copies imported from and after 28 August 2014. This means that the substantial issue is whether it is open to Plantation to prosecute primary infringement claims in respect of furniture imported before 28 August 2014.

[8] Plantation seeks to prosecute such claims through the mechanisms of either

- (a) a new proceeding it has issued (the December 2018 proceeding); or
- (b) proposed amendments to its pleadings in the 2014 proceeding.

⁴ *ESR Group (NZ) Ltd v Burden* [2017] NZCA 217, (2017) 14 TCLR 590.

⁵ At [64] and [78(f)].

[9] ESR's position is that the December 2018 proceeding should be struck out (relying on *res judicata*/abuse of process arguments) and that the proposed amendments in the 2014 proceeding should not be permitted.

[10] In the High Court, Venning J concluded that primary infringement claims were not within the scope of the orders made by Duffy J following the liability hearing.⁶ He declined the proposed amendments.⁷ He did, however, conclude that the primary infringement claims against ESR in the December 2018 proceeding ought not to be struck out.⁸

[11] In the Court of Appeal, opposite conclusions were reached.⁹ The Court of Appeal held that the proposed amendments to the 2014 proceeding should be allowed,¹⁰ and that, in light of the subject matter of the December 2018 proceeding now being covered by the amendments to the 2014 proceeding, it would be an abuse of process to proceed with it.¹¹

[12] The substantial difference between the judgments of Venning J and the Court of Appeal is whether the proposed amendments are within the proper scope of the 2014 proceeding. As the Court of Appeal pointed out, the statement of claim in the 2014 proceeding did not confine assertions of liability to the four importations and alleged, somewhat inelegantly, primary infringement.¹² That there had (or might have) been sales of infringing items was loosely touched on at trial.¹³ And Duffy J's order for discovery required disclosure of all supplies by ESR of infringing Roseberry products, which might be thought to indicate at least the possibility of primary infringement claims.¹⁴ On the other hand, undoubtedly the focus of the liability hearing was on the four importations. Indeed, the suggestion from the bench in the Court of Appeal hearing that Plantation had put primary infringement in issue in the

⁶ *Burden v ESR Group (NZ) Ltd* [2019] NZHC 1546, (2019) 146 IPR 525 at [35].

⁷ At [54].

⁸ At [75].

⁹ *Burden v ESR Group (NZ) Ltd* [2020] NZCA 560 (Kós P, Brown and Courtney JJ) [CA judgment].

¹⁰ Subject to minor additional amendments: at [50].

¹¹ At [52].

¹² At [37]–[39].

¹³ At [40].

¹⁴ At [42].

2014 proceeding seems to have come as a revelation to Plantation's legal representatives, albeit, from their point of view, a pleasing one.

[13] We accept that there is scope for argument as to the correctness of the approach of the Court of Appeal. By this we mean simply that an appeal would be arguable. Such argument would be substantially focussed on the minutiae of the way in which the 2014 proceeding was conducted and would not raise any question of general or public importance,¹⁵ or of commercial significance.¹⁶

[14] As well, we see no risk of a miscarriage of justice.¹⁷ While we accept that a challenge to the Court of Appeal judgment would be arguable, there are strong arguments in support of the result arrived at (the claims in relation to infringing copies imported prior to 28 August 2014 can proceed) and the route the Court of Appeal took to get there (this can occur in the 2014 proceeding).

[15] There is a contingently filed application for leave to appeal by Plantation in respect of the striking out of the December 2018 proceeding. If leave to appeal were granted to ESR, justice would require leave to be granted to Plantation on its contingent application. So, assuming ESR were successfully to resist the amendments to the 2014 proceeding, it would face an argument in this Court that the judgment of Venning J should be restored. If the proposed amendments to the 2014 proceeding are not within the proper scope of that proceeding (as Venning J concluded), there are strong interests of justice considerations in allowing the December 2018 proceeding to continue (as Venning J also concluded).

[16] ESR's case is that primary infringement claims were insufficiently in play in the 2014 proceeding to warrant the proposed amendments but sufficiently so to justify the striking out of the December 2018 claim for res judicata or abuse of process. The different principles applicable to the amendment and res judicata/abuse of process issues mean that ESR has at least a theoretical route to success. That said, the path that ESR is inviting us to follow is tortuous. As will be apparent, we see the concurrent

¹⁵ Senior Courts Act 2016, s 74(2)(a).

¹⁶ Section 74(2)(c).

¹⁷ Section 74(2)(b).

conclusion – that Plantation may claim in relation to infringing copies imported before 28 August 2014 – arrived at by Venning J and the Court of Appeal, albeit by different routes, as entirely consistent with the interests of justice.

[17] The application for leave to appeal is dismissed. The applicant must pay the three respondents one set of costs of \$2,500.

Solicitors:

AJ Pietras & Co Ltd, Lower Hutt for Applicant

James & Wells Solicitors, Auckland for Respondents