

UNDER THE Copyright Act 1994

BETWEEN **IAN JAMES BURDEN**
First Appellant

AND **PGT RECLAIMED (INTERNATIONAL) LIMITED**
Second Appellant

AND **PLANTATION GROWN TIMBERS (VIETNAM) LIMITED**
Third Appellant

AND **ESR GROUP (NZ) LIMITED**
Respondent

REPLY MEMORANDUM BY APPELLANTS ON:

- 1. *NELSON v RYE***
- 2. S 29(2) COPYRIGHT ACT 1994**

Dated 3 May 2024

MAY IT PLEASE THE COURT

1. At the conclusion of the hearing the Court gave leave for counsel to address two matters.

(A) *Nelson v Rye*

The application of s 29(1) to the definition of 'issuing to the public'

2. The significance of the decision is that Laddie J **read together** ss 16(1), 16(2) and 18(2) of the UK CDPA ie “*Under the combined effect of ss 16(1), 16(2) and 18(2) ...*”:¹

“Under the combined effect of ss 16(1)(b), 16(2), and 18(2) of the 1988 Act, it is now an act of primary infringement to issue copies of a copyright work to the public **without licence** where those copies were not previously in circulation. This category of infringement is not limited to the issue of copies the manufacture of which was unlicensed. It follows that it is now possible to infringe copyright by issuing authorised copies of a copyright work (for example made by or on behalf of the copyright owner) to the public, **if the act of issuing itself has not been licensed**. Mr Rye could still be held to infringe if he authorised the release of Simplex and that release was not authorised” (emphasis added)

3. The sections in the CDPA in force in the UK as at November 1995, the date of *Nelson v Rye* (**BOA Tab 11**) equate with the following provisions in the New Zealand 1994 Act:

(a) S 16(1) CDPA: (setting out “*the exclusive right to do*” certain listed acts (the acts restricted by copyright) *in the United Kingdom* = **s 16(1) NZ Act**

(b) S 16(2) CDPA: “*copyright is infringed by a person who without the licence of the copyright owner does...any of the acts restricted by the copyright*” = **s 29(1) NZ Act.**

(c) S 18(2) CDPA (“*References in this Part to the issue of copies of a work are... to the act of putting into circulation copies not previously put into circulation...*” = **s 9(1) NZ Act.**

4. Importantly, therefore Laddie J applied the *without licence/other than pursuant to a copyright licence* provision in NZ **section 29(1)** to the **definition** in NZ section 9. The Court did not just apply ss 9 and 16 as claimed by ESR in its Memorandum.²

¹ *Nelson v Rye* [1996] 2 All ER 186 at 208 and 209.

² ESR’s Supplementary Submissions dated 1 May 2024 at [6] final sentence refers only to Laddie J applying “NZ’s ss 9 and 16”. But this wrongly overlooks the application of NZ S 29.

Laddie J's interpretation anticipates the 1 December 1996 UK amendment to s 18(2) ie "copies not previously put into circulation...by or with the consent of the copyright owner."

5. ESR claims that the passage in *Nelson v Rye* is just saying that "you infringe if you do not have a licence to excuse your infringing".³ ESR also claims that Laddie J "did not consider whether consent is a component of the definition of issuing."⁴
6. This is incorrect. In the second part of the quotation above Laddie J stated that "it is now possible to infringe copyright by issuing *authorised copies* of a copyright work (for example made by or on behalf of the copyright owner) to the public, *if the act of issuing itself has not been licensed.*"
7. The significance of this second part of the statement is that the Court is looking to see whether the act of issuing of ***those authorised copies*** has itself been licensed. These copies already have the status of authorised copies, so the issue is whether those copies have been put into circulation by or with the consent of the copyright owner. The Court therefore adopted **in November 1995** in respect of the then UK provisions the same meaning as was achieved by the change of wording introduced to the UK CDPA with effect from 1 December 1996 ie:

"...the act of putting into circulation copies not previously put into circulation [in the EEA] **by or with the consent of the copyright owner**".
8. This interpretation is confirmed by the final sentence in the above passage from *Nelson v Rye* ie "*Mr Rye could still be held to infringe if he authorised the release of Simplex and that release [ie of those copies] was not authorised.*"
9. PGT submit that the interpretation given by Laddie J to the equivalent CDPA provisions in November 1995 logically applies equally to ss 9,16, 29 and 31 of the 1994 Act. Laddie J's interpretation matches the interpretation that PGT asserted in their main submissions – namely whether the act of putting those copies into circulation was of copies not previously put into circulation by or with the consent of the copyright owner.
10. This interpretation may also explain why the New Zealand Government and legislature did not feel the need to alter the wording of the NZ Act to later comply

³ ESR's Supplementary Submissions dated 1 May 2024 at [6].

⁴ ESR's Supplementary Submissions dated 1 May 2024 at [8].

with Art 6 WCT. Properly interpreted by Laddie J the existing New Zealand provisions in fact already covered the 1996 UK Amendment and met Art 6.

Laddie J said nothing about the location of the prior circulation

11. At [7] of its Memorandum ESR states that “By the combination of these sections, issuing means putting into circulation in NZ copies that have not previously been put into circulation *anywhere*”. The passage from Laddie J’s judgment says nothing about the location of the prior circulation.

(B) Section 29(2) Copyright Act 1994

12. Having researched this issue, Counsel consider that this provision has no material relevance to the present appeal.

13. Section 29(2) reads:

“References in this Act to the doing of a restricted act are to the doing of that act –

(a) In relation to the work as a whole or any substantial part of it, and

(b) Either directly or indirectly;-

and it is immaterial whether any intervening acts themselves infringe copyright.”

14. The portion which states “and it is immaterial whether any intervening acts themselves infringe copyright” is drawn from s 16(3) CDPA. There was no equivalent to s 29(2) under the earlier New Zealand 1962 Copyright Act.

15. The effect of these words in relation to the exclusive right of reproduction in s 16(1)(a) is explained by Lexis Nexis Copyright and Design:⁵

“This aspect is illustrated by the Court of Appeal decision in *Frank M Winstone (Merchants) Limited v Plix Products Limited* (1985) 5 IPR 156 (CA) in which it was held that the defendant’s designer of kiwifruit packaging had copied a substantial part of the plaintiff’s design drawings despite the fact that he had not seen the plaintiff’s drawings or even the three-dimensional product. The defendant had produced drawings independently but (fatally) from official specifications and instructions based on the plaintiff’s design. (The express words now in s 29(2)(b) were not then in the legislation)”.

⁵ C Elliott and others *Intellectual Property Law* (online ed, Lexis Nexis) at [COP 29.8].

16. The effect of adding these words in the 1994 Act was that, where there is indirect copying, if the final infringing copy is itself a three-dimensional reproduction, it does not matter that the intervening works *before* the infringing copy (eg a written description of the plaintiff's copyright work) may not themselves infringe copyright. The final copy that is the output of the process of indirect copying can still be found to be an infringing copy.
17. In the present case the restricted act is, of course, *issuing to the public (s 16(1)(b))* and this is defined by s 9(1) as "the act of putting into circulation copies not previously put into circulation". It could be that there has been an intervening act, before first circulation, which falls short of a transaction of sale or distribution.
18. The application of s 29(2) would mean that, even if there was some intervening act, such as importing the copies, which does not meet the definition, this would not prevent a finding of infringement in respect of the first act of circulation of those copies to the public.
19. This does not seem to be of any material assistance to the present dispute.
20. Counsel has made appropriate inquiries to ascertain whether these submissions contain any suppressed information, and certifies that these submissions are suitable for publication (that is they do not contain any suppressed information.)

DATED at Auckland this 3rd day of May 2024

Andrew Brown KC / J Oliver-Hood / J R Wach

Counsel for Appellants