

IN THE SUPREME COURT OF NEW ZEALAND

SC 83/2017
[2017] NZSC 173

BETWEEN ESR GROUP (NZ) LIMITED
Applicant

AND IAN JAMES BURDEN
First Respondent

PLANTATION GROWN TIMBERS
(INTERNATIONAL) LIMITED
Second Respondent

PLANTATION GROWN TIMBERS
(VIETNAM) LIMITED
Third Respondent

Hearing: 10 November 2017

Court: Elias CJ, O'Regan and Ellen France JJ

Counsel: J G Miles QC and A J Pietras for Applicant
A H Brown QC and J R E Wach for Respondents

Judgment: 20 November 2017

JUDGMENT OF THE COURT

- A The application for leave to appeal is dismissed.**
- B The applicant is to pay costs of \$4,500 and reasonable disbursements to the respondents.**
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REASONS

[1] The applicant seeks leave to appeal against a judgment of the Court of Appeal.¹

¹ *ESR Group (NZ) Ltd v Burden* [2017] NZCA 217, (2017) 14 TCLR 590 (Randerson, Harrison and Brown JJ) [*ESR* (CA)].

[2] The background to the case is that ESR, a furniture retailer, imported furniture into New Zealand. The High Court found that the first respondent, Mr Burden, was the author of the preliminary drawings underlying the furniture and that the more detailed technical drawings were derived from them.² The High Court also found Mr Burden was owner of the copyright in the preliminary drawings and co-owner of the copyright in the technical drawings and that this meant he was eligible and entitled to sue for infringement of the copyright in New Zealand.³

[3] The Court of Appeal found that although Mr Burden was a co-author of the technical drawings, he was at the relevant time employed by a company he had incorporated, Plantation Grown Timbers (International) Ltd, a company incorporated in the British Virgin Islands (PGT International). After 28 October 2003, draughtspersons employed by another company established by Mr Burden, Plantation Grown Timbers (Vietnam) Ltd, a company incorporated in Vietnam (PGT Vietnam), were co-authors, with Mr Burden, of the technical drawings. This meant PGT Vietnam was the owner of the copyright in the technical drawings made after that date.

[4] The Court of Appeal found that PGT International was the owner of the copyright in respect of the technical drawings made up to 28 October 2003. As noted above, PGT Vietnam owned the copyright in the technical drawings made after that date.⁴ In respect of both, however, Mr Burden was the co-author, alongside staff employed by PGT International and PGT Vietnam.⁵ Mr Burden was, therefore, a co-author of the drawings underlying the imported furniture.

[5] The Court of Appeal found that ESR had imported furniture that infringed the copyright in the technical drawings, that the copyright was enforceable in New Zealand and that PGT International and PGT Vietnam were entitled to relief.

[6] ESR seeks leave to appeal on three grounds.

² *Burden v ESR Group (NZ) Ltd* [2016] NZHC 1542 (Duffy J) at [112].

³ At [201].

⁴ *ESR (CA)*, above n 1, at [53]–[54].

⁵ At [46].

[7] The first is that there is no copyright enforceable in New Zealand. ESR wishes to argue that neither of the copyright owners, PGT International and PGT Vietnam, is entitled to enforce copyright in New Zealand because neither the British Virgin Islands nor Vietnam is listed as a prescribed foreign country in sch 1 to the Copyright (Application to Other Countries) Order 1995 and therefore the owners of the copyright are not prescribed foreign entities under s 232 of the Copyright Act 1994. The Court of Appeal found that infringement of copyright is actionable in New Zealand so long as an author of the work to which the copyright relates is from a country that is a prescribed foreign country.⁶ In the present case, the copyright was enforceable in New Zealand because Mr Burden was an author of the works and is an Australian. Australia is a prescribed foreign country. Thus, it would not matter that neither the British Virgin Islands nor Vietnam was a prescribed foreign country.

[8] Section 232 of the Copyright Act authorises the making of orders in council relating to the application of the Copyright Act to states, territories and other entities. The argument that ESR wishes to advance relies on s 232(4)(b), and, in particular, the reference in that paragraph to the reciprocal protection of copyright owners. This is said to indicate that, for copyright to be enforceable in New Zealand, the owner, not just the author, must be from a prescribed foreign country.

[9] ESR argues that a point of general or public importance or general commercial significance arises. We do not accept that submission. We see the point as specific to the facts of the case and we see nothing in the material put forward by the applicant in its written submissions or the submissions of its counsel at the hearing to cause us to doubt the correctness of the approach taken by the Court of Appeal on this point.

[10] The other aspect of the first point relates to whether the British Virgin Islands is a prescribed foreign country. In light of our conclusion above, it is not necessary for us to address that point.

[11] The second point on which leave is sought relates to the finding that certain importations of furniture by ESR occurred at a time when ESR knew or had reason to believe that the furniture infringed the copyright of PGT International and/or

⁶ At [56], citing the Copyright Act 1994, s 18(2).

PGT Vietnam.⁷ The Court of Appeal found that the knowledge or reason to believe for the purposes of s 35(1) must be assessed at the time the products actually land in New Zealand.⁸ ESR wishes to argue that knowledge should be assessed at the time the importer loses control of the goods. The significance of this is that ESR argues that it gained knowledge that the furniture infringed copyright only after it had committed to the shipment of the goods and they were on the water, which meant it was unable to prevent their importation into New Zealand.

[12] While this point may have some general significance, nothing raised in the applicant's submissions, both written and oral, causes us to doubt the correctness of what the Court of Appeal decided on this point. In those circumstances it is not appropriate to grant leave.

[13] The third point in which leave was sought relates to the relief granted to the respondents, the practical effect of which will be that the goods are destroyed or donated to charity. No point of general or public importance arises and we see no risk of a miscarriage of justice if leave is not granted on this point.

[14] We conclude that the criteria for leave to appeal in s 74 of the Senior Courts Act 2016 are not met. We therefore dismiss the application for leave to appeal.

[15] The applicant must pay the respondents costs of \$4,500 and reasonable disbursements (to be determined by the Registrar in the event of disagreement).

Solicitors:
AJ Pietras & Co, Lower Hutt for Applicant
James & Wells, Auckland for Respondents

⁷ Copyright Act 1994, s 35(1)(a)(ii).

⁸ *ESR (CA)*, above n 1, at [58].