

**IN THE HIGH COURT OF NEW ZEALAND
AUCKLAND REGISTRY**

**I TE KŌTI MATUA O AOTEAROA
TĀMAKI MAKAURAU ROHE**

**CIV-2020-404-468
[2020] NZHC 802**

UNDER the Copyright Act 1994
BETWEEN CAMA PRODUCTS LIMITED
Plaintiff
AND POWER PARTS (2018) LIMITED
Defendant

Hearing (via telephone): 23 April 2020

Appearances: J M Glover for the Plaintiff
M Hammer for the Defendant

Judgment: 24 April 2020

JUDGMENT OF GAULT J

*This judgment was delivered by me on 24 April 2020 at 11:00 am
pursuant to r 11.5 of the High Court Rules 2016.*

Registrar/Deputy Registrar

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Solicitors / Counsel:
Mr J M Glover, Barrister, Auckland
Mr S Henderson (plaintiff's instructing solicitor), Henderson Reeves, Whangarei
Ms M Hammer, Anderson Lloyd, Queenstown

[1] The plaintiff, Cama Products Ltd (Cama), is an importer and wholesaler of parts for small engine products such as chainsaws and lawnmowers.

[2] The defendant, Power Parts (2018) Ltd (Power Parts), is a competitor of Cama's in the same field.

[3] Cama claims that its products database is a copyright work, of which it is the owner. It asserts copyright in its compilation rather than the underlying information.¹ Cama claims that Power Parts has copied a substantial part, and possesses an infringing copy, of Cama's products database, including at least a substantial part of the "fits model" field which records the various products/models with which each part is compatible. The claim seeks a permanent injunction, damages or an account of profits, additional damages for flagrancy, interest and costs.

[4] Cama applied for an interim injunction restraining Power Parts from copying or using material from Cama's products database, displaying the "fits model" field on Power Parts' database and enabling users to search data in the "fits model" field of the Power Parts' database. Whata J made those interim orders by consent on the papers on 30 March 2020.

Ancillary order

[5] Cama also sought an ancillary interim order that Power Parts provide Cama with log-in details to access the Power Parts database, solely for the purpose of ensuring compliance with the restraining orders and on the basis that the log-in details would not be made available to any other party. Whata J was not prepared to make this access order without a hearing.

[6] The issue for determination is therefore whether to make an ancillary order for the purpose of monitoring Power Parts' compliance with the interim restraining orders. A hearing took place by telephone given the current COVID-19 level 4 lockdown.

¹ *University of Waikato v Benchmarking Services Ltd* (2004) 8 NZBLC 101,561 (CA) at [35]-[39].

[7] There is no dispute that there is a serious question to be tried and the issue is whether the balance of convenience and overall justice favour an ancillary order.²

[8] The parties agree in principle to an amended version of the ancillary order under which monitoring would be carried out by an independent person at Cama's cost. After some correspondence between solicitors, Power Parts agrees to the independent barrister nominated by Cama, Ms Thomas, but there remain two issues of detail concerning Power Parts' role in the monitoring process:

- (a) first, how Ms Thomas is to be instructed to monitor; and
- (b) secondly, whether her reporting to both parties should merely identify whether or not there has been compliance, or include screenshots of Power Parts' website (redacted for confidential information).

[9] The amended ancillary order sought by Cama is an order that:

The defendant shall, pending judgment in this proceeding or further order of the Court, provide an independent barrister with log-in details to access the Power Parts database, solely for the purpose of ensuring compliance with the orders made by Whata J on 30 March 2020 and on the basis that the log-in details, pricing details and stock level information will not be made available to any other party.

[10] The ancillary order sought is a mandatory injunction, a form of relief granted only in special circumstances as Rodney Hansen J said in *Greymouth Holdings Ltd v Jet Trustees Ltd*.³ In that case he ordered delivery up of company records (subject to appropriate conditions) to ensure that the interests of the company and majority shareholders were not unfairly prejudiced pending trial. He considered the order was analogous to an order for the preservation of property.

[11] Ms Glover, for Cama, acknowledges the ancillary order sought is unusual but submits that is likely because compliance with interim restraining orders can usually be observed whereas here it would be hidden. She submits that if the ancillary order

² *Klissers Farmhouse Bakeries Ltd v Harvest Bakeries Ltd* [1985] 2 NZLR 129 (CA).

³ *Greymouth Holdings Ltd v Jet Trustees Ltd* HC Auckland CIV-2011-404-5309, 19 December 2011 at [48].

were not granted, and it transpired that the defendant had not complied with the Court orders pending trial, Cama's claims would be rendered nugatory. Damages would not be an adequate remedy – in intellectual property cases it will be rare that damages will be held to be sufficient.⁴

[12] I accept that the interim restraining orders, already made by consent, are appropriate on the basis that damages would not be an adequate remedy. But it does not follow that the ancillary order, for the specific purpose of monitoring compliance with the interim restraining orders, is in the same category. Interim restraining orders have been made. Power Parts breaches them at its peril. A breach would give rise to additional consequences, and potentially additional remedies for Cama.

[13] I accept that in this case any non-compliance with the Court's interim restraining orders may not be seen by Cama without an ancillary order. On the other hand, absent evidence indicating non-compliance, such an ancillary order may not be necessary. The basis for Cama's non-compliance concern when it first sought the order was that prior to the commencement of proceedings Power Parts denied any infringement and asserted that it had developed its own database entirely independently without any reference to Cama's database. Cama doubts the truthfulness of that assertion given that its case is that the Power Parts' database contains a great deal of information replicated from the Cama products database, including a number of errors and idiosyncrasies. Power Parts rejects any suggestion it was underhanded in its pre-commencement correspondence. Whether Power Parts has infringed, and any flagrancy, are really issues for trial and, in any event, Power Parts' denial of liability pre-commencement does not of itself indicate that Power Parts is likely to breach the interim restraining orders now made.

Further affidavits

[14] However, the plaintiff filed an unsworn reply affidavit of Mr Cashmore on 22 April 2020 expressing concern that a search of Power Parts' website indicates that it has not complied with the interim restraining orders and, in particular, that it has not

⁴ *YPG IP Ltd v Yellowbook.com.au Pty Ltd* (2008) 8 NZBLC 102,063 (HC) at [30].

removed the “fits model” information from its database. If correct, Mr Cashmore’s affidavit would weigh in favour of an ancillary order.

[15] On the morning of the hearing Mr Chapman filed an unsworn affidavit in reply to Mr Cashmore’s reply. It explains that the “fits model” description has been removed and Mr Cashmore is referring to the make/model search tool, which has been in place for some time from a legacy system (I interpolate since before the alleged infringement) and does not reveal any proprietary information.

[16] At the hearing, Ms Glover characterised Power Parts as trying to justify its non-compliance by saying that if the effect of the interim restraining order was as claimed by Mr Cashmore, it would not have consented to the order. She submitted that the data available using the make/model search tool was the same “fits model” information, and the restraining order prohibited Power Parts from enabling users to search it.

[17] Ms Hammer, for Power Parts, submitted that the restraining order did not restrain Power Parts from enabling users to use Power Parts’ make/model search tool, which is common in the industry. She referred to Mr Cashmore’s earlier affidavit in support of the application, which described the “fits model” entries as recording the various equipment with which each part is compatible.

[18] The new affidavits indicate a wider dispute as to the scope of the existing interim restraining order. This is not an application to enforce or vary the terms of that order, but my reading of its scope and therefore any existing non-compliance is relevant to whether monitoring is necessary. For that limited purpose, I consider it unlikely that the existing order restrains Power Parts from enabling users to use its make/model search tool per se. Both orders (b) and (c) use the term “the “fits model” field”. The context is claimed copyright in Cama’s compilation rather than the underlying information and I would not expect the order to restrain user access to underlying information that was not allegedly copied from the compilation, such as that which existed in Power Parts’ database before the alleged infringement. That would seem a wider interim order than necessary to protect Cama’s position pending trial (and potentially leave Cama exposed on its undertaking as to damages).

I leave to one side how Power Parts complies with the order (a) restraint on “using material from” Cama’s product database.

[19] Mr Cashmore’s reply affidavit also suggests that, contrary to Power Parts’ claim, Power Parts’ product range is not commercially sensitive and only pricing information is not available on the public version of its database on its website. This tends to undermine Power Parts’ concern that monitoring could risk inadvertent disclosure of its confidential information and thereby cause prejudice to it. Mr Chapman’s response is that only some of Power Parts’ product range is included in its public website.

[20] As to the status of these affidavits, Ms Glover had advised that a sworn version of Mr Cashmore’s affidavit will be filed and served once the current lockdown conditions permit. That reflected an indication by Whata J regarding further affidavits on 30 March 2020. The High Court Rules have been amended to deal with the COVID-19 situation.⁵ The amendments include an amendment to r 9.73 allowing Judges to authorise the use of unsworn affidavits in proceedings where the existence of an emergency means that requiring the affidavit to be sworn would unacceptably delay the proceeding and the requirements of rr 9.73(5)(b) and (c) are complied with, including a memorandum of counsel confirming the position would be the same absent the emergency, an undertaking to file an affidavit complying, and a statement of belief in the affidavit. Those requirements have not been fully met in relation to Mr Cashmore’s reply affidavit, and not met in relation to Mr Chapman’s. Moreover, the Epidemic Preparedness (Oaths and Declarations Act 1957) Immediate Modification Order 2020, which came into force on Friday, 17 April 2020, now allows an oath or affirmation to be administered using an audio visual or audio link. This makes it less likely that requiring an affidavit to be sworn would unacceptably delay the proceeding. In light of this Order, there was consent that I admit both affidavits on the basis of an undertaking and direction that they be sworn in accordance with the Order promptly.

⁵ High Court (COVID-19 Preparedness) Amendment Rules 2020, commencing on 9 April 2020.

Instructions to Ms Thomas

[21] I turn to the first issue of detail, how Ms Thomas is to be instructed to monitor compliance. As Power Parts accepts that it would defeat the purpose of the order for it to have equal oversight over the monitoring process and that random monitoring is appropriate, the issue is now confined to whether:

- (a) Cama should have free access to instruct Ms Thomas in relation to the monitoring to be carried out, that is Ms Thomas is to monitor according to Cama's specific instructions; or
- (b) the parties should prepare a joint general instruction to Ms Thomas and leave her to determine independently the specific random monitoring to be carried out.

[22] Cama has offered to pay the cost and Ms Glover submits it should accordingly have free access to instruct Ms Thomas as its proxy subject to confidentiality. However, given the limited purpose of the monitoring, I consider it preferable for Ms Thomas to take more of a transparent (and independent) role, based on a transparent general instruction. The desirability of transparency is perhaps heightened by the dispute as to the scope of the restraining order. In the circumstances, greater access seems more invasive than necessary.

[23] To ensure appropriate monitoring, the general instruction is to set out the nature of the dispute including the nature of the claimed copyright work, the Court's interim orders including this judgment, an explanation of the "fits model" functionality and general instructions to Ms Thomas as to what she is required to undertake for the specific purpose of monitoring compliance with the interim restraining orders from time to time, making clear that – beyond the general instructions – it is for her to determine the specific random monitoring to be carried out.

Reporting

[24] As to the second issue of detail, the form of reporting, I consider the compromise I proposed at the hearing should be sufficient. Ms Thomas is to report to

both parties promptly on her monitoring, including the detail of what she searched on a particular date and whether or not there has been compliance with the restraining orders and, if not, the non-compliance issue(s) arising. She should be instructed to take and retain screenshots of Power Parts' website on each occasion, but only provide those screenshots with her reports to the parties if she is reporting non-compliance. Any screenshots provided are to redact pricing information. Her reports and any screenshots provided are to be confidential and for the limited purpose of monitoring compliance with the interim restraining orders. Otherwise, while I accept screenshots may be the simplest way to report, I am not persuaded they need to be provided and acknowledge they could disclose confidential information and thereby prejudice Power Parts. I consider this compromise level of reporting balances the need for meaningful and timely monitoring with access to Power Parts' own confidential information such as product range or innovations – accepting the risk of inadvertent disclosure of pricing information due to incomplete redacting seems unlikely.

Result

[25] I make the interim ancillary order sought in [9] above and on the terms set out in [22]-[24] above.

Costs

[26] Costs of the application were reserved by Whata J on 30 March 2020 on the basis they may depend on the outcome if a hearing were required. I encourage the parties to agree costs given that the restraining orders were made by consent, but the ancillary order as made somewhat more closely reflects Power Parts' position. If costs cannot be agreed, the parties are to file and serve brief memoranda (not exceeding three pages), Cama within 10 working days and Power Parts within a further five working days. I will determine costs on the papers.