

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

CIV-2009-404-0856

BETWEEN	RAJENDRA PRASAD Plaintiff
AND	INDIANA PUBLICATIONS (NZ) LTD First Defendant
AND	ARIN LAL Second Defendant
AND	VENKAT RAM Third Defendant
AND	MAHESH PARERA Fourth Defendant
AND	CHENCHU NAGULU Fifth Defendant

Hearing: 17 July 2009

Appearances: Mr Prasad in person
Mr G Harrison for defendants

Judgment: 27 July 2009 at 11 a.m.

JUDGMENT OF ASSOCIATE JUDGE DOOGUE

*This judgment was delivered by me on
27.07.09 at 11 a.m, pursuant to
Rule 11.5 of the High Court Rules.*

Registrar/Deputy Registrar

Date.....

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Background

[1] The defendant seeks summary judgment on the basis that the operation of estoppel *per judicatam rem* precludes the plaintiff from bringing the present proceeding. The estoppel is said to arise from the judgment of Judge C. Blackie in the Manukau District Court 29th August 2005.

[2] In the first part of this judgment I shall deal with the defendant's application for summary judgment. I intend to be guided by the following statement of principle taken from *Westpac Banking Corporation v M M Kembla* [2001] 2 NZLR 298, p313:

[61] The defendant has the onus of proving on the balance of probabilities that the plaintiff cannot succeed. Usually summary judgment for a defendant will arise where the defendant can offer evidence which is a complete defence to the plaintiff's claim. Examples, cited in *McGechan on Procedure* at HR 136.09A, are where the wrong party has proceeded or where the claim is clearly met by qualified privilege.

[62] Application for summary judgment will be inappropriate where there are disputed issues of material fact or where material facts need to be ascertained by the Court and cannot confidently be concluded from affidavits. It may also be inappropriate where ultimate determination turns on a judgment only able to be properly arrived at after a full hearing of the evidence. Summary judgment is suitable for cases where abbreviated procedure and affidavit evidence will sufficiently expose the facts and the legal issues. Although a legal point may be as well decided on summary judgment application as at trial if sufficiently clear (*Pemberton v Chappell* [1987] 1 NZLR 1), novel or developing points of law may require the context provided by trial to provide the Court with sufficient perspective.

[63] Except in clear cases, such as a claim upon a simple debt where it is reasonable to expect proof to be immediately available, it will not be appropriate to decide by summary procedure the sufficiency of the proof of the plaintiff's claim. That would permit a defendant, perhaps more in possession of the facts than the plaintiff (as is not uncommon where a plaintiff is the victim of deceit), to force on the plaintiff's case prematurely before completion of discovery or other interlocutory steps and before the plaintiff's evidence can reasonably be assembled.

[64] The defendant bears the onus of satisfying the Court that none of the claims can succeed. It is not necessary for the plaintiff to put up evidence at all although, if the defendant supplies evidence which would satisfy the Court that the claim cannot succeed, a plaintiff will usually have to respond with credible evidence of its own. Even then it is perhaps unhelpful to describe the effect as one where an onus is transferred. At the end of the day, the Court must be satisfied that

none of the claims can succeed. It is not enough that they are shown to have weaknesses. The assessment made by the Court on interlocutory application is not one to be arrived at on a fine balance of the available evidence, such as is appropriate at trial.

[3] The case also requires me to briefly consider the principles of estoppel by judgment and issue estoppel. In *Shiels v Blakeley* [1986] 2 NZLR 262 at p266, Somers J explained the former as follows:

This is a plea of estoppel per rem judicatam. The rule is, so far as material to the present case, that where a final judicial decision has been pronounced by a New Zealand judicial tribunal of competent jurisdiction over the parties to, and the subject matter of, the litigation, any party or privy to such litigation, as against any other party or privy thereto, is estopped in any subsequent litigation from disputing or questioning the decision on the merits. See *Spencer-Bower and Turner on Res Judicata* 2nd Ed., para. 9. The reasons for the existence of the rule are not in doubt. They were stated by Lord Blackburn in *Lockyer v. Ferryman* (1877) 2 App.Cas. 519, 530 -The object of the rule of res judicata is always put upon two grounds - the one public policy, that it is in the interest of the state that there should be an end of litigation, and the other, the hardship on the individual, that he should be vexed twice for the same cause. In one branch of the law of res judicata the cause of action put in suit in the first proceeding passes into judgment so as no longer to have an independent existence. There is both a merger of the cause of action in the judgment and a cause of action estoppel. While in the case of what is commonly called issue estoppel a particular matter of fact or law in issue in the second proceeding is held to have been decided by the prior judgment but may or may not be determinative of the second proceeding. See *Blair v. Curran* [1939] 62 C.L.R. 464, 532 per Dixon J. and generally *Spencer-Bower and Turner* paras 1, 2, 7, 191, 192.

[4] The first issue is to decide what issues of law and fact the judgment of the District Court decided. It is only conclusions actually reached by the District Court that can bind the parties to the present application. In determining what the District Court decided I will follow the conventional approach, which is that the issue is to be determined by considering the judgment in the earlier proceedings alone: *Dyson v Wood* (1824) 3B and C 449 at 451. The Court will only accept that an issue was determined by the District Court judgment if that is a reasonable construction of the reasons that Judge Blackie gave. The conclusions which the District Court reached on fact and law then need to be compared with the claims which the plaintiff makes in the present proceeding.

[5] In his statement of claim the plaintiff asserts the following matters:

- a) That he is the owner of copyright for an Indian business directory styled 'Indian Bizz'.
- b) Further, he alleges that the features of his publication which give rise to copyright are that it is a compilation of a certain format; that it comprises business and community details; that it is a compilation with an index; that it is targeted to a particular ethnic community in New Zealand.
- c) That he is entitled to exclusive use of the name comprising, *inter alia*, the words 'Indian' 'Business' and 'Directory' in any combination and that anyone using that is passing off their work as his. This last summary goes quite a long way beyond the actual pleading by the plaintiff in paragraph 13 of his statement of claim but I think it states the essence of his claim in that paragraph.
- d) He next says that the defendants commenced a rival publication in 2003 called 'Indian Newslink, Fast Find Business Directory' in March 2003, later changing its name 'Indian Newslink, Fast Find Indian Business Directory'
- e) The plaintiff's publication has the same details as the directory described in paragraph b) above and thereby infringed the plaintiff's copyright with different defendants playing a different part in the overall infringing conduct.
- f) That the defendants on some unspecified occasion/s in or since 2003 infringed copyright in "Indian Bizz"

[6] The defendants can by means of summary judgment seek to establish an estoppel which results in any of the following propositions being determined against the plaintiff, and, if they succeed then the defendants will succeed on the summary judgment application:

- a) That during the period which the High Court claim covers, the plaintiff did not through ownership or by other means have the right to enforce the copyright; OR
- b) There were no breaches of the copyright during the period which the plaintiff's claim in this proceeding covers

What issues of fact and law did the District Court judgment determine?

[7] In his judgment, Judge Blackie made the following findings:

- a) The plaintiff, SGL, was the publisher of an information and business directory. The first edition of his publication came out in 1998 and was called 'Indian Information and Business Directory'. In subsequent years the publication was called 'Indian Bizz';
- b) Mr Ravin Lal, the defendant, began to publish a publication 'Fast Find Indian Business Directory' with no finding being in the judgment as to when that occurred;
- c) The plaintiff's directory was a compilation of data that fell within the definition of s 14 of the Copyright Act 1994. The reason why the plaintiff's directory attracted copyright was that there was a sufficient degree of labour, skill and judgment in the manner in which the information was selected to justify that conclusion;
- d) The plaintiff was the owner of the copyright in the directories and as such had a right of action to enforce copyright;
- e) The defendant had not copied a substantial part of the plaintiff's work and there were differences between the two publications so that the degree of resemblance is such that there is objective similarity between the works;

- f) There was no cause or connection between the production of the infringing work and the copyright work and therefore there was no breach of copyright and the plaintiff's action for breach against the defendant failed.

Application of the District Court judgment to the present proceedings

Is Mr Prasad a privy of SGL and therefore bound by the decision in the proceedings to which SGL was a party in the District Court?

[8] If the present parties are bound by Judge Blackie's decision – a matter I consider shortly when dealing with the question of privies – then the important conclusion would follow from the determination referred to in [7]c), that SGL owned the copyright and not Mr Prasad and that there had, in any event, been no breach of copyright.

[9] Mr Prasad was not a party to the case in the District Court in whose favour judgment was entered. He had at one stage been the plaintiff but SGL was substituted for him. It was Mr Prasad who gave instructions to counsel at the time when the substitution was made. It is not disputed that Mr Prasad was the sole shareholder and director of SGL at the time when SGL was substituted for the Mr Prasad and when judgment was entered in the proceeding. But the operation of the principle of estoppel by judgment is not confined to those who were actually parties to the original proceeding.

Res judicata estoppels operates for, or against, not only the parties, but those who are privy to them in blood, title or interest.¹

[10] Those who are the privies of the original parties are also bound by the terms of the original judgment. In *Shiels v Blakeley* p. 268 Somers J explained it in following terms:

We conclude that there must be shown such a union or nexus, such a community or mutuality of interest, such an identity between a party to the first proceeding and the person claimed to be estopped in the subsequent proceeding, that to estop the latter will produce a fair and just result having regard to the purposes of the doctrine of estoppel and its effect on the party estopped.

¹ Spencer Bower p 230.

[11] It is not possible to find any definition that exhaustively states the categories of privies. In *Spencer Bower Turner & Handley* a further statement of principle appears at page 231:

To be bound by privity of interest the privy must claim under, through, or on behalf of, the party bound. So it was held by the High Court of Australia that a judgment in favour of the driver of a car in a negligence action brought by him did not create an estoppel in favour of his employer who had no interest in the first action, and did not claim under or through the employee.²

[12] I would be prepared to conclude on the basis alone of Mr Prasad's intervention in the District Court proceedings and his actions in bringing about the substitution of SGL for him personally as being sufficient to constitute him a privy to the judgment that was subsequently entered.

[13] An additional ground for concluding that Mr Prasad is a privy of the company is that he was its shareholder and director at the relevant time. The situation is therefore similar to that which Hillyer J considered in *Laughland v Stevenson* [1995] 2 NZLR 474, 478. In that case an issue arose as to whether a director of a company was a privy of the company for the purposes of estoppel. The judge said:

In my view, such a community of interest between Mr Stevenson and the company does exist in this case. It is clear that Mr Stevenson was, and is, intimately connected with the company. In an affidavit filed in these proceedings he states: "I have always been prominent in the company's affairs to the end that it might have been regarded as my alter ego in a business sense.

[14] If I am wrong that the two foregoing bases are sufficient for finding that privity existed I would do so on an additional ground which is the basis on which Mr Prasad founds his entitlement to bring proceedings based on the ownership of the copyright. Mr Prasad's sworn evidence is that he was the original owner of the copyright. He must, therefore, have directly or indirectly disposed of it to SGL or, at the least, impliedly licensed the copyright to SGL. The fact that he is now asserting that he is the person with entitlement to act on the copyright must mean that there has been a reassignment to him or that duration of any licensing or assignment of the copyright to SGL has come to an end with full rights reverting to him. In all the

² Citing *Ramsay v Pigram* (1967) 118 CLR 271 at 279 – 80, 282, 290

totality of the circumstances, it would be unjust in my view for Mr Prasad to now claim not to be caught by the terms of the judgment in the District Court.

Time periods

[15] One of the problems encountered in resolving the present case is the lack of particularisation as to when the various breaches are alleged to have occurred. Without some clarity on that point, it will be difficult to determine whether they fall into the period covered by the District Court proceeding. That is important because the defendants will only succeed on their summary judgment application by establishing that the District Court judgment includes a binding determination that there was no breach of copyright during the same periods which are covered by Mr Prasad's claims in the present proceeding.

[16] According to the plaintiff's statement of claim in these proceedings (paragraph 15) at the earliest, the breaches of copyright could not have occurred before March 2003 which is the period when breaches allegedly commenced.

[17] In his judgment, Judge Blackie did not make findings as to when the alleged breaches that he was concerned with took place. His judgment notes that the proceeding in the District Court had been in existence since 2002 and accordingly, it can be inferred that the alleged breaches took place from 2002 on unknown dates up until the date of hearing in June 2005. Thereafter, the judgment was issued on 29 August 2005.

[18] This matter is of importance because the defendants can only succeed on their summary judgment application if they can show complete inconsistency between the dates when Mr Prasad says there were breaches of the copyright, on the one hand, and the period/s during which, the District Court concluded, there were none. That is, if Mr Prasad is bound by the judgment in the District Court, then it would be inconsistent with the findings of the District Court for him to allege that alleged breaches of copyright occurred during the same time period covered by the District Court judgment: namely, from some point in 2002 up until June 2005.

[19] The rights of a copyright owner are described in *Laws of New Zealand*³

7. Exclusive rights of copyright owner. Only the owner of the copyright in a work may do the following in New Zealand regarding that work:

- copy it;
- issue copies to the public whether by sale or otherwise;
- perform, show, or play it in public;
- broadcast or include it in a cable programme service;
- make an adaptation of it; or
- do any of the foregoing in relation to an adaptation.

(footnotes omitted)

[20] Presumably the plaintiff alleges copying or making an adaptation of Indian Bizz and issuing copies to the public whether by sale or otherwise. These occurrences, presumably, will be alleged to be episodic and repeated. Without particulars of when the infringements are alleged to have occurred, it is very difficult to determine who owned the copyright at any particular and whether breaches of it occurred at any particular date.

Conclusion on defendant's application for summary judgment

[21] I consider that the defendants are able to demonstrate to the standard required for summary judgment that Mr Prasad is a privy of SGL and is bound by the District Court judgment. But they are not able to establish to the applicable standard that the period of the alleged breaches dealt with in the District Court judgment covered the same period as those now alleged by Mr Prasad in this Court. This Court cannot therefore determine in the defendants' favour on a summary judgment basis that there was no period during which Mr Prasad might have had standing as owner/licensee to claim for breaches of copyright.

³ Volume "Intellectual Property: Copyright", paragraph 7 – "Exclusive rights of copyright owner".

Mr Prasad's application for summary judgment

[22] Mr Prasad, too, filed an application for summary judgment in favour of the plaintiff. However, his affidavit in support of application for summary judgment does not comply with Rule 12.4(5)(b). The relevant parts of the Rule are as follows:

12.4 Interlocutory application for summary judgment

[...] (4) The party making the application must file and serve on the other party the following documents:

- (a) an interlocutory application on notice in form G 31:
- (b) a supporting affidavit [...]

(5) The affidavit—

- (a) must be by or on behalf of the person making the application:
- (b) if given by or on behalf of the plaintiff, must verify the allegations in the statement of claim to which it is alleged that the defendant has no defence, and must depose to the belief of the person making the affidavit that the defendant has no defence to the allegations and set out the grounds of that belief:
- (c) if given by or on behalf of the defendant, must show why none of the causes of action in the plaintiff's statement of claim can succeed.

[23] I therefore accept Mr Harrison's submission that the plaintiff cannot succeed on his application for summary judgment in these proceedings.

Directions

[24] The Registrar is to allocate a telephone case management conference for this proceeding at the earliest available date. The parties should attempt to agree on a timetable for disposing of the following matters prior to the next call of this matter:

- a) Discovery
- b) Inspection
- c) Any interlocutory applications that need to be considered.

[25] Costs are to be reserved.

J.P. Doogue
Associate Judge