

Henley Arch Pty Ltd & Anor V. Clarendon Homes (Aust) Pty Ltd

[1999] FCA 1371

7 October 1999

The Full Court of the Federal Court of Australia has sounded a warning to persons in the building industry that copying building plans of another builder may prove to be an expensive exercise.

The Appeal

This was an appeal against the decision of Merkel J who held that in making the “Carrington” homes and plans the appellants had infringed the respondents’ copyright in their “Oakridge” home and plans.

Background

The first respondent was a project home builder. Project homes are a limited range of homes offered for sale which are designed by or on behalf of the builder.

Henley Arch Pty Ltd claimed ownership of the copyright in the Oakridge. The Henley companies alleged Clarendon Homes had infringed that copyright by producing the plan of the Carrington and constructing a home in accordance with the infringing plan.

Notably, Clarendon Homes had taken an assignment of the copyright in a plan of a project home known as the “Glengrand” from another project home builder Glenwill Homes Pty Ltd.

The appellants argued that the Carrington design did not infringe copyright in the Oakridge. Secondly, that the Oakridge plan was not original and in fact had been copied from the Glengrand plan.

The Oakridge Copyright

Evidence at trial was called by the Henley companies that the author of the Oakridge plan was an employed draftsman, with some assistance from a designer engaged by the group. The draftsman did not give evidence as he had died before trial.

The managing director of the Henley companies gave evidence that he instructed the draftsman to prepare the plan and told him what features to include.

The Carrington Copyright

Clarendon indicated that it would call one of its directors to give evidence that he was the author of the Carrington plan. However the Henley group called two witnesses that may have altered Clarendon’s decision for the director to give evidence.

Both witnesses were former employees of the appellants.

The first a former finance director of the company said that the marketing manager of the appellant had visited the Oakridge display and being impressed with the display took a number of photographs during the visit. He also gave evidence of a memorandum he had received that Clarendon should prepare a design to compete with Oakridge.

The second witness was an architect who was briefed by Clarendon to design a home to compete with the Oakridge. His briefing documents included a brochure for the Oakridge and photographs of the Oakridge home.

The architect said that of the two concept designs he prepared, a design was chosen that was similar to the Oakridge, and that he was specifically requested to incorporate two special features of the Oakridge. It is important to note that this evidence was not challenged.

Other evidence.

Each side called an expert. The Henley expert, an experienced architect, pointed out similarities between the Oakridge and the Carrington to conclude that independent creation was “highly improbable”. The Clarendon expert, a senior university lecturer, gave evidence of the differences between the two designs as well as the similarities between the Oakridge and the Glengrand.

In addition, the trial judge was taken on a view of the Carrington and the Oakridge.

The Glengrand Plan

The appellants argued that copyright did not subsist in the Oakridge as it was copied from the Glengrand. Accordingly, because it copied it lacked sufficient skill and care to be an original artistic work.

The Full Court agreed with the trial judge in that even if there was copying of the Glengrand plan, this did not deny the Oakridge with the element of originality because there is no requirement in copyright that the work be novel, unique or innovative.¹ Thus, even if one work is derived from another it has its own copyright and assessed as a separate copyright work.

The First Comparison²

In order to prove copyright infringement there must be proof of copying . It is usual in order to prove copying that proof of access to the plaintiff's work is shown as well.

There was no evidence that Henley's draftsman had access to the Glengrand plan, and so proof of copying needed to be established from a comparison of the plans. The test was whether the similarities were so striking that it precluded the possibility of independent creation.³

¹ [1999] FCA 1371 at par [10]; *University of London Press Ltd v University Tutorial Press Ltd* [1916] 2 Ch 601 at p608-9.

² Between the Oakridge and the Glengrand.

³ *Arnstein v Porter* 154 F2d 464, 468 (2d Cir, 1946).

The Full Court was of the same view as the trial judge in that the similarity between the Glengrand and the Oakridge plans did not suggest copying. Further it was clear to the Court that each plan had its own very important differences and unique features.

*The Second Comparison*⁴

Copyright gives the owner exclusive right to do a number of things including “reproducing the work in material form”.⁵ Reproduction includes reproduction of a “substantial part of the work”⁶, which was accepted as meaning an “important or material part of the plaintiff’s work.”⁷

The Full Court accepted the evidence of the Henley expert who said that it was highly improbable that the Carrington plan was created without reference to the Oakridge plan and dismissed the appeal.

The Court also noted that the visual inspection of the sites by the trial judge was not appropriate in cases where an action involved a two dimensional work copied in a two dimensional form. This is particularly the case as in the present circumstances where some features were obvious from inspection but did not appear on the plan.⁸ The Court said a physical inspection is clearly appropriate where the reproduction complained of is in three dimensional form.

⁴ Between the Clarendon and the Oakridge.

⁵ s31(1) *Copyright Act* 1968 (Cth).

⁶ s14(1) *Copyright Act* 1968 (Cth).

⁷ [1999] FCA 1371 at par [37]

The Full Court found as a result of the physical inspection by the trial judge, that it was not in a position to challenge the trial judges findings that there was infringement of the plans and the house, because it was not possible to gain the same impression as the judge who viewed the homes.⁹

Damages

The Full Court had only been concerned with the liability issue. Merkel J had ordered that for the purpose of assessing damages or an account of profits Clarendon provide information under oath as to the number of Carrington homes built, their location, the sale amounts and the costs involved with those sales. His Honour also held that the breaches were flagrant and because of the proximity of the infringing homes to those of the respondent benefits accrued to the appellants. Consequently additional damages were awarded.¹⁰

Conclusion

In many cases the applicant can only rely on a comparison between the original work and the infringing work. However proof of access to the plaintiff's work assists to reach a conclusion of infringement but is not essential.

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⁸ [1999] FCA 1371 at par [20].

⁹ 1999] FCA 1371 at par [43].

¹⁰ S115(4) of the *Copyright Act 1968*.