

BREACHING COPYRIGHT AND PERSONAL LIABILITY—HOW YOUR BEHAVIOUR MATTERS

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- Employees may be personally liable for infringing copyright in building plans.
- Designers, architects, builders, engineers and anyone else involved in creating or developing plans can not assume that because elements appear to be functional, commonplace or have been known in an industry for several years, that copyright does not exist in those elements or their combination
- It is the quality of the copied item not the quantity that is copied that is crucial in determining infringement. In both cases below while only part of the total building design was copied it was a 'substantial part'.
- Development processes that do not appear to consider or have regard for copyright issues may lead to an inference of copying and increased damages awards.
- Adequate documenting and record keeping of design development may assist in defending against copyright infringement claims.

Recent copyright cases involving housing plans highlight how copyright can exist in seemingly ordinary and standard design

elements and how personal liability can be imposed.

Commonality of design in the home volume building market is almost an accepted industry hazard. As home designs are principally dictated by practical requirements such as meeting market trends and fitting within physical constraints of lot size there would seem to be a limited number of ways a house can be designed. The result is one of significant similarity of design between competitors in that market.

Given these practical limits, it would seem unlikely that enforceable copyright would exist in these designs. However, two Federal Court cases *Metricon Homes Pty Limited v Barrett Property Group Pty Limited* [2008] FCAFC46 and *Barrett Property Group Pty Limited v Carlisle Homes Pty Limited* [2008] FCA 375 (*Barrett cases*), have shown otherwise.

In the *Barrett* cases (brought by Barrett Property Group Pty Limited (BPG)) it was alleged the defendants had copied an outdoor dining element known as the 'alfresco quadrant' from BPG's house designs. While outdoor dining and various elements of rooflines and positioning were not necessarily unique or original, BPG was able to provide sufficient irrefutable evidence to satisfy the Court that the combination of seemingly common elements for the 'alfresco quadrant' was original and protected by copyright. BPG was successful as it was able to show evidence documenting a clear history of how they had developed the 'alfresco quadrant' including having expended a substantial amount of time and money in the process.

Despite the Court acknowledging that similarities were bound to occur because of practical

considerations (such as lot size and market demand), the Court held in both cases:

- the 'alfresco design' to be a 'substantial part' of the BPG plans protected by copyright;
- there was sufficient objective similarity between the works of the rival firms and the Barrett 'alfresco quadrant' to indicate copying; and
- neither defendant was able to provide any believable reasons or evidence for the similarity in design, such as independent creation, for them to reach a decision other than copying having occurred.

In both *Barrett* cases the defendants tried to argue:

- there was no copyright protection for the 'alfresco quadrant'; and
- if there was copyright in the 'alfresco quadrant' they had a defence of independently creating their plans and the similarities were coincidental.

In each case the defendants failed to rebut BPG's arguments of originality in the 'alfresco quadrant' (as noted above) and could not show any independent creation of the infringing part of their plans.

THE METRICON DECISION

Metricon argued that despite:

- having had access to BPG's display homes and their floor plans;
- taken photos of the display homes; and
- having discussed BPG's designs at planning meetings

it had independently created the designs by transforming and modifying existing Metricon designs.

The Court rejected this argument and found Metricon had failed to

demonstrate a process by which it had independently developed the 'quadrant' design given the short period of time, of only one day, to change Metricon's initial designs to one incorporating the 'alfresco quadrant'. Metricon was unable to show any intermediate drawings supporting the evolution of their designs.

Outcomes

The Court also commented on Metricon's design processes stating that it had an endemic 'culture of copying'. The Court found Metricon's managing director and product development manager were or should have reasonably been aware the infringement was occurring and that they did nothing to stop the infringing conduct.

Implications

This resulted in both employees being held personally liable for having authorised the infringement.

Conduct is likely to be an important factor for a Court in determining the existence of any personal liability and whether a higher award of damages should be made against an infringer.

Metricon appealed the single Judge Federal Court decision to the Full Court of the Federal Court but was ultimately unsuccessful.

THE **CARLISLE** DECISION

Carlisle initially argued that the 'alfresco quadrant' was commonplace, devoid of originality and was incapable of copyright protection. Upon failing to provide any concrete examples that pre-dated the Barrett 'quadrant', Carlisle's amended defence then argued that they had independently created their 'quadrant' design. In support of this argument Carlisle produced three sketches showing the evolution of their design.

Outcomes

The Court's decision ultimately turned on:

- the inconsistent evidence given by Carlisle employees in regard to the 'inspiration' for the design;
- the fact that Carlisle representatives had visited the Barrett display homes; and
- that the success and desire for similar designs to the 'alfresco quadrant' was well known to Carlisle and had been discussed at Carlisle meetings.

In light of these findings the Court concluded the mere existence of the Carlisle sketches did not rule out that they had been produced by copying the Barrett design.

Implications

It is not necessary to show intention to copy for there to be a breach of copyright. The Court acknowledged there was probably no intent to infringe and the copying may have been unconscious but still found infringing copying had occurred, stating:

Mr Doulgeridis [a Carlisle employee] did copy the alfresco quadrant from Barrett's Seattle plan, which had been on the market for several years. Probably he did so without much thought and assumed, because the plan had been around for a while, that it was in the public domain...

CONCLUSION

- Mere reliance on 'public domain' or 'common stock' defences can be difficult to argue when there is a combination of common elements to create a new or original arrangement of those common elements.
- Copyright can exist even where something has been in the public domain for some time, in fact, copyright protection can now last for up to 70 years.

- Intent is not a necessary element to establish infringement but will be important when assessing damages.

- Proper maintenance of design archives and establishing policies which encourage original creation and do not suggest or encourage copying will assist in reducing infringement claims or the amount of damages which may be awarded if a breach of copyright is proven.

- Firms and professionals engaged in designing and planning should:

- review their design and document retention processes and seek professional advice on the adequacy of those processes and current practices; and

- look at how they can better protect their intellectual property investments and reduce the possibility or impact of infringement actions.

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