

**IN THE DISTRICT COURT
AT AUCKLAND**

CIV: 2005-004-3008

BETWEEN

JOHN RADFORD
Plaintiff

AND

HALLENSTEINS BROS LIMITED
Defendant

Hearing: 6 June 2006

Appearances: P Andrew for the Plaintiff
B Morley for the Defendant

Judgment: 17 July 2006 at 5.00 pm

RESERVED DECISION OF JUDGE HUBBLE

[1] The plaintiff is an artist and the creator of three well known sculptures, collectively called TIP which are located in Western Park, Ponsonby, a public park. The plaintiff alleges that the defendant has breached his copyright in these artistic works by producing photographic images of them on t-shirts and retailing those t-shirts to the public. The plaintiff alleges three causes of action. First, breach of economic rights, pursuant to s 29, 30 and 31 of the Copyright Act 1994. Secondly, breaches of s 35 and s 36 of the Copyright Act for importing t-shirts and, thirdly, a breach of moral rights, pursuant to s 99 of the Act.

[2] The present application is to strike out the first and second causes of action on the basis that they have no possibility of succeeding and should be struck out pursuant to Rule 209 of the District Court Rules which provides:

“209 Striking out pleading

Where a pleading –

- (a) Discloses no reasonable cause of action or defence or other case appropriate to the nature of the pleading --

...

The Court may at any stage of the proceeding, on such terms as it thinks fit, order that the whole or any part of the pleading be struck out.”

[3] The present cases raises the long debated issue of the extent to which the creator an artistic work can maintain the control or at least receive some financial reward from those who commercially exploit their artistic work and the practicality of restricting the full and free access of members of the public in artistic works which are permanently located at a public place and become part of the landscape. The argument centres on the interpretation of s 73 of the Copyright Act which provides as follows:

“73. Representation of certain artistic works on public display –

(1) This section applies to the following works:

(a) Buildings:

(b) **Works (being sculptures, models for buildings, or works of artistic craftsmanship) that are permanently situated in a public place or in premises open to the public.**

(2) **Copyright in a work to which this section applies is not infringed by –**

(a) **Copying the work by making a graphic work representing it; or**

(b) **Copying the work by making a photograph or film of it; or**

(c) **Broadcasting, or including in a cable programme, a visual image of the work.**

(3) Copyright is not infringed by the issue to the public of copies, or the broadcasting or inclusion in a cable programme, of anything whose making was, under this section, not an infringement of copyright."

[4] The essential issue here is whether or not s 73 permits the commercial exploitation of the artistic work.

[5] Counsel advise that this is the first occasion on which this novel issue has come before the Court. Concerning that very situation, Tipping J said in *Porter v New Zealand Guardian Trust Co. Limited* 1976 7 TCLR 323 and 325

"If the relevant law has not been settled at the highest level or if the case presents a novel point of law the proceedings should be allowed to go to trial unless the Court is satisfied that the proposition of law advanced by the plaintiffs is completely unarguable."

[6] Mr Morley acknowledges the point here is novel, but says that the plaintiff's case is plainly unarguable and is not based on any common law principle, but on well settled principles of statutory interpretation.

[7] Judge Kendadine was faced with a similar position in *Challenge Scallop Enhancement Co Limited v Marlborough District Council* 1998 NZRMA 342 where the issue was the interaction between the Resource Management Act and the Fishermans Legislation and dependent solely on statutory interpretation. The Learned Judge observed:

"I am persuaded by the submissions of the applicant that where there is a right of appeal to a higher court as there is in this case, the court should determine the matter at this stage... this will enable the parties to appeal the decision if they chose before embarking on the expense inherent in the substantive hearing."

[8] I accept that the issue here is solely one of statutory interpretation of the relevant provisions of the Copyright Act 1994 and that I should embark upon a decision which would at least provide a framework for any subsequent appeal.

STRIKING OUT

[9] The law is well settled. Court will not strike out proceedings unless the causes of action are so clearly untenable, that they cannot possibly succeed. The jurisdiction is one to be exercised sparingly and only in a case where all necessary material is before the Court. The Court must be satisfied that even on the most favourable interpretation the facts pleaded or available, the plaintiff could not succeed in law, even if the appropriate amendment was made to the proceedings. Finally, where a claim depends on a question of law capable of decision on the material before it, the Court should determine the question even if extensive argument may be required. (*A-G v Prince v Gardner* [1998] 1 NZLR 262 AT 267 and *Telecom NZ Ltd v Clear Communications Ltd* (1997) 6 NZBLC 102, 325 at 102, 330 (Fisher J)).

STATUTORY INTERPRETATION

[10] There is no argument between counsel as to the legal principles of statutory interpretation and I, accordingly, adopt these submissions of Mr Morley which he has helpfully summarised as follows:

- “3.1 As this application requires the Court to interpret a statute, it is convenient to deal first with the relevant principles of statutory interpretation. These are set out in detail in *The Laws of New Zealand* (Statute, Reissue 1, 2004 at para 116 to 179) (“LONZ” – **Authorities 5**). Although many are trite law, the relevant key points are summarised below.
- 3.2 The interpretation of statutes is the exclusive function of the Courts. A meaning or opinion expressed by any other person, even by parliament itself, is always subject to the determination of the Court. (LONZ para 116).
- 3.3 In the application and interpretation of legislation, established practice and opinions expressed in legal text books and similar works by authors of established reputation will not be considered as authorities on construction, but may be useful as evidence of the construction which has been generally accepted in the legal profession. (LONZ para 119).
- 3.4 Whilst it is permissible to refer to a dictionary or other standard work of reference and ascertain the meaning of a term used in legislation, the object of all interpretation of a statute is to discover the intention as expressed in it. It is to be considered as a whole and in its context and in a way that gives effect to its purpose. The legal

meaning is primarily to be sought from the words used in the statute itself, which must, if they are plain and unambiguous, be applied as they stand. (LONZ para 121 and 122).

3.5 The guides to legislative intention to be applied for ascertaining the legal meaning of an enactment are:

- (a) Statutory rules of construction (Interpretation Act 1999);
- (b) Rules of construction laid down by common law;
- (c) Internal contextual guidelines;
- (d) External contextual guidelines; and
- (e) Legal presumptions.

The Interpretation Act

3.6 Section 5(1) of the Interpretation Act provides:

The meaning of an enactment must be ascertained from its text and in the light of its purpose.

3.7 This has been described as the “purposive” approach to construction, seeking to ascertain the object, purpose or spirit of the enactment in question. (LONZ para 134). Purposive interpretation may nevertheless be limited where there is no guide in the statute to its legislative purpose other than the words of a particular provision under consideration. (LONZ para 135).

3.8 Where a statute contains a definition or interpretation selection and a defined term then appears in the text of the act, the text in which it occurs must be read as if the full definition was substituted for that term. As a matter of good drafting practice, a definition should not ordinarily stipulate a meaning that is markedly or artificially different from the usual meaning of the defined term. (LONZ para 137).

Common Law Rules Emphasis:

3.9 Paramount amongst these is the “plain meaning rule” which states that if an enactment is clear and capable of one meaning only in relation to the facts in question, then the legal meaning is taken to correspond to the literal meaning. (LONZ para 141).

3.10 The plain or primary meaning of a statutory provision is described in the cases as the “natural” or “ordinary” meaning. Words in an act must be given their natural and ordinary meaning if there is nothing in the internal or external context to qualify or modify the language used. The ordinary meaning is the starting point and the Court should presume that words in an act are used correctly and exactly. The onus on any person who asserts that they are used loosely or in-exactly is a heavy one. Words are to be construed according to their

ordinary or popular or common meaning unless the context requires otherwise or there is an absurd result. (LONZ para 142).

- 3.11 If an enactment is capable of more than one meaning, the plain meaning rule will not apply. The Court will instead adopt the construction that produces the most sensible result and best achieves the purpose of the act to best harmonise it with the other provisions of the act (LONZ para 144).
- 3.12 The statute must be construed so that significance is given to each of its components according to that component's legislative function. Where an act contains an exception to a general provision, the proper course is to give effect to that exception. (LONZ para 145). This will be of particular application in the present case where the section of the Copyright Act to be determined is in the nature of an exception to the protection that is afforded elsewhere in that Act.

Internal Contextual Guides

- 3.13 An act is to be read as a whole but this does not mean it will have only a single theme. The essence of construction as a whole is that this approach enables the interpreter to recognise that a proposition in one part of an act may be impliedly modified or clarified by another provision in the act (LONZ para 151). Accordingly where there are a number of themes, it is possible, indeed common, particularly in the context of exceptions where two provisions apparently conflict, to have to construe them together. Where the exception has a plain meaning (and intention) it will not be "read down" merely because it otherwise conflicts with another theme in the act.
- 3.14 Whilst the Courts recognise the maxim that to express one thing is, by implication, to exclude another (for example, that a detailed list of related items may be presumed to be exhaustive), the application of that maxim requires caution (LONZ para 157).

External Contextual Guides

- 3.15 The Courts have a discretion to admit that use parliamentary materials but have stressed that such materials cannot be used to alter the meaning of clear and unambiguous statutory words (LONZ para 162).
- 3.16 Similarly official statements published by the government department administering the act or by any other authority concerned with the act may be taken into account as an aide to the construction of its provisions, but it is certainly not decisive (LONZ para 164).

Legal Presumptions

- 3.17 It is presumed that the legislature intends to legislate in a manner that produces a practical, workable, and sensible result. This

presumption compliments the statutory direction as to purposive interpretation (see section 5(1) of the Interpretation Act). This presumption is sometimes expressed negatively and referred to as the presumption against absurdity. In that context the word "absurd" is used to include a result that is unworkable or impracticable, inconvenient, anomalous or illogical, futile or pointless, or artificial, or one that produces a disproportionate counter-mischief. (LONZ para 177).

- 3.18 A statute must if possible be construed in the sense that makes it operative and that does not defeat the manifest intentions of the legislature; in cases where a provision may have several possible meanings, the Courts look for the one that produces a practical result. Where the legislative purpose of the provision is clear, it should not be reduced to a nullity by a literal adherence to the language, which may be due to a want of skill or knowledge on the part of the drafter, unless the language is intractable. The Court will strive for an interpretation or make the act work in the manner that the Court presumes parliament must have intended. (LONZ para 177).

THE PLAINTIFF'S CASE

[11] The plaintiff submits that contrary to the weight of academic opinion, as set out below, s 73 should be construed narrowly and, since there is no specific mention of "commercial copying", the exception should only apply to fair and reasonable copying for personal use but not for commercial gain.

[12] The plaintiff submits that the primary principle of copyright law is that the person who creates a work, enjoys a return on their investment by providing first ownership to him or her. Under s 16 of the Act, the owner of the copyright has the exclusive right to copy the work and to issue copies of the work to the public whether by sale or otherwise. Such copyright is infringed pursuant to s 29 when a person other than pursuant to a copyright licence does any restricted act, and the restricted acts includes copying, issuing copies to the public, whether for sale or otherwise.

[13] This primary principle of copyright is recognised in the Berne Convention to which New Zealand became a party in 1928.

[14] Article 9.2 of this convention reads as follows:

"It shall be a matter for legislation in the countries of the union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author."

Article 12 reads:

"Authors of literary or artistic works shall enjoy the exclusive right of authorising adaptations, arrangements and other alterations of their works."

And Article 13, which relates to limitations and exceptions, reads:

"Members shall confine limitations or exceptions to exclusive rights to special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder."

[15] Although part three of the New Zealand Legislation recognises a number of exceptions to the prima facie rule of copyright infringement, the plaintiff submits that this does not extend to commercial exploitation. For example, s 44 to s 47 deal with education, s 50 to s 57 deal with libraries and archives and s 58 to s 60 deal with public administration. Section 68, for example, allows the broadcast of speech extracts from current affairs and lectures while s 69 relates to Braille. Section 70 gives a limited definition of performance in public to allow for such matters as reading a poem at a funeral or a wedding. The plaintiff says, therefore, that the legislative policy limits the exceptions so they do not extend to commercial exploitation and refers, in particular, to s 70(a), s 81(2)(c) and s 87(1). The plaintiff's principle submission, therefore, is that the proper interpretation of s 73 would not permit commercial exploitation. The submission is that the term "issue to the public" under s 9 ought to have a restrictive meaning based on practicality and public interest to allow fair and reasonable dealings but not overt commercial exploitation.

[16] The issue of commercial and non-commercial infringement of copyright has long been debated. In the UK when the Copyright Act 1911 was being debated the Parliamentary Standing Committee, known as the Gorell Committee, received submissions from The Society of British Sculpture which included directions to a Royal Commission on Copyright in 1878 as follows:

"We have had to consider by what act the sculptors' copyright ought to be deemed to have been infringed. Sculpture may be copied in various ways, not only by sculpture and casting, but by engraving, drawing and photography; and since the rise of photograph the copying of sculpture by that means has become a considerable business. The question has therefore been brought before us whether copying by other means than sculpture or casting ought not to be considered piracy.

A material item in the consideration of this question is the injury likely to be inflicted on the sculptor ... there is the question whether a sculptor ought not to be entitled to any profit to be made by allowing his works to be photographed or otherwise copied.

It might be provided that the copying of a scene in which a piece of sculpture happened to form an object should not be deemed an infringement, unless the sculpture shall be the principal object, or unless the chief purpose of the pictures should be to exhibit the sculpture."

[17] In Australia, prior to the enactment of their 1968 Act, the Parliamentary "Spicer Committee" debated the equivalent of our s 73 and noted that galleries in particular were concerned that works on public display could be subject to commercial exploitation. However, the committee declared galleries "had nothing to fear as they have complete control of the entry into the gallery and can regulate copying of works within the building." (Para 219). The plaintiffs present point of view was forcefully argued before the Committee in Australia but in the end result it was acknowledged that:

"In practice, however, the intended scope of s 65 and s 66 (our s 73) has been exceeded by the commercial exploitation of reproductions allowed in by the section. As the Australian Copyright Commission has pointed out, the Australian's sections provide "Nothing to stop commercial exploitation of a work and equally nothing which grants the artist any right to benefit from such exploitation... the mere display of, say, a tapestry in a gallery allows a visitor to the gallery to photograph that work and to reproduce that photo on to items such as cards, posters and postcards."

[18] It is apparent from the above history that the plaintiff's plea for recognition of a "commercial exploitation" exception has been fully aired before special committees and a Royal Commission. The conclusion is invariably the same, namely, that commercial exploitation is permitted within the restrictions of s 73(3) or its equivalent. Furthermore, academics (with one exception) have invariably supported that point of view as demonstrated by the defendant's arguments which I now consider.

THE DEFENDANT'S SUBMISSIONS

[19] Section 73(1) and (2) are plainly sensible and inevitable, otherwise members of the public would not even be able to photograph iconic buildings and sculptures which are part of the city landscape. The real issue in this case is whether the words “copyright is not infringed by the issue to the public of copies” which words appear in 73(3). Does this permit the commercial exploitation of these public artistic works by, for example, making postcards, beer coasters or, as in this case, items of clothing which reproduce the image.

[20] Section 73 is restricted in application in a number of respects;

- a) It does not permit the creation of a three-dimensional copy of the artistic work: I
- b) It only permits the making of a graphic work or a photograph or film.
- c) It only applies to works which are on “permanent” display in a public place. An artist could still hold a temporary exhibition in a public place and not lose control of copyright.
- d) Section 73 is not concerned with paintings or drawings or other two-dimensional works even if they are in a public place. It extends only to three-dimensional works such as sculptures, buildings or models.

[21] The defendant argues that the words, “issue to the public of copies”, does not expressly exclude commercial exploitation. He further argues that none of the leading commentators or texts in New Zealand have recognised such an exception. For example, Andrew Brown QC in “Copyright and Design (Lexis Nexus 2004) states that

“Permits, buildings ... and certain other artistic works (sculptures, models of buildings and works of artistic craftsmanship provided they are permanently situated in a place or on premises open to the public) can be copied or represented in certain ways without infringing copyright... a graphic work representing any such work can be made without infringing copyright in it.”

He says further that:

“It permits anything made in accordance with its provisions to be commercially exploited, for example, by issuing copies to the public without risk of infringing copyright in the work that it was taken from.”

[22] To the same effect is the text, Frankel & McLay, Intellectual Property in New Zealand, at paras 5.26.10(a) and (b) and in the “Laws of New Zealand”, under the heading, Intellectual Property: Copyright, Patrick Downey, para 190 recognises no limitation excluding commercial exploitation.

[23] The words “issue to the public” are defined in s 9 of the Act as follows:

9. **Meaning of “issue to the public”-**

(1) References in this Act to the issue of copies of a work to the public mean the act of **putting into circulation copies not previously put into circulation; and do not include** the acts of –

(a) **Subsequent** distribution or sale of those copies; or

...

(b) **Subsequent importation** of those copies into New Zealand; or

...

(emphasis added)”

Again, there is no specific reference to commercial exploitation. Andrew Brown QC in Copyright and Design 9.4 states:

“What constitutes the act of “putting into circulation”? As yet there is no authority directly on the meaning of this phrase. It is apparent from the references to subsection (1) to various subsequent acts that the acts of distribution, sale, hiring, loan and importation will each amount to circulation ... It is implicit in the phrase “into circulation” that it is a release or availability to the public which is contemplated”.

[24] Mr Morely drew a comparison with s 18 of the Copyright, Design and Patents Act 1988 (UK), concerning which the text, “The Modern Law of Copyright and Designs, (Laddie Prescott & Victoria, Butterworths, 3rd Edition noted:

“The most typical form of this kind of infringement would be putting copies on the market for sale, but it is apparent from the terms of section 18(2) that it also extends to hiring or loan.”

The authors also note at para 20.76:

“One might have supposed that the intention was to allow the public to sketch, photograph, and so on, the above things [sculptures on public display] for their own use; but the section is so worded, as were its predecessors, that the commercial publication of photographs of certain objects in Art Galleries and Museums is not an infringement of copyright, even though photography is expressly prohibited by the Management.”

[25] The sole academic support which the plaintiff is able to muster in support of its argument arises from an article by Australian commentator, Mr Ian MacDonald, which is entitled “When is an exception not an exception” to be found in the “Copyright Reporter, Volume 20, Number 1, February 2002”. This article raises the possible argument that s 73 does not specifically allow reproduction of “underlying” works such as design drawings or architectural plans for a building or a sculpture. Thus, although there may not be an infringement of three-dimensional work there would nevertheless be a possible infringement of the two dimensional design or plan. Mr MacDonald implicitly recognises the strength of s 73 (their s 65) by calling for its repeal.

[26] The view expressed by this author has not received the recognition and I accept Mr Morley’s submission that there can be no merit in an argument based on infringement of “underlying” works. Such an argument would make nonsense of s 73 giving it no practical application at all. This is recognised in the statute itself in that s 29 which would otherwise protect any underlying plan or drawing in the sculpture from infringement by indirect copying is expressly subject to part three of the Act which includes s 73.

[27] Mr Morley raised a number of other issues critical of Mr MacDonald’s article and I have little doubt that the article should be accorded no weight at the present stage of legislation.

[28] Mr Andrew also submitted this was support for his argument in the case of *Video Easy International (NZ) Limited v Road Show Entertainment* 2021 NZLR 855. In this case Patterson J, was dealing with copyright in DVDs. He held that a contextual construction of the Copyright Act 1994 gave the term “The issue of copies of the work to the public” a particular meaning which was not governed by

the provisions of s 9(1). His Honour held that the word "distribution" as used in s 9(1)(d) did not include hiring, loan or rental. In my judgment, however, this decision has little relevance to the present application, which is confined, to an interpretation of s 73 in relation to copyright in three dimensional works which have been displayed in public. It is an entirely different situation.

CONCLUSION

[29] Having considered the two points of view, it is clear to me, that the vast weight of academic opinion and practical implementation of s 73 favours the view that the words "issued to the public" does not prevent commercial exploitation in the form of photography, drawings, post cards and printing onto items of clothing. I can see no legal basis for the contrary argument and no prospect that it would succeed under the present legislation.

[30] The plaintiff's first and second cause of action allege breaches of s 29 to s 36 of the Act, all of which sections appear in part two of the New Zealand Copyright Act relating to infringement of copyright. However, part two of the Act is expressly subject to part three by virtue of s 29(3). In other words, infringement by "indirect copying" of any underlying drawing or plan is subject to any exception that may be contained in part three.

[31] Section 40 lends weight to this situation in that it provides as follows:

"Section 40 provisions to be construed independently. The provisions of this part of this Act are to be construed independently of one another so that the fact that an Act is not permitted by one provision does not mean that it is not permitted by another provision."

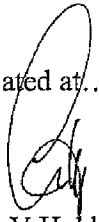
[32] Section 16(2), itself, specifically records that s 16(1) applies:

"Subject to part three of the Act which again incorporates s 73(3)."

[33] The plaintiff's first and second causes of action based upon the breach of the statutory provision of the Copyright Act, do no more than raise the age old argument in support of protection of rights of artists so that they can obtain some reward from creating their artistic works. However, it is an argument which has been thoroughly

debated, commented upon by academic writers and rejected. In practice it appears to be recognised that if an artist creates a sculpture or building which is permanently in public, their one opportunity of obtaining a reward is for creating the work in the first place. Thereafter, there is no support for the view that such works, permanently in a public place, cannot be commercial exploited in a two-dimensional form. I cannot see that a substantive hearing would produce any further argument not already presented and in my judgment the defendant has established that the first and second cause of action have no possible chance of success. Accordingly, they should be struck out. The costs are reserved depending upon argument on the third cause of action.

Dated at *Cleveland* this.....*17*....day of.....*July*....2006


G V Hubble
District Court Judge