

NICHOLAS, HERBERT HOLDINGS LTD.

SAINT LUCIA

**IN THE HIGH COURT OF JUSTICE
(CIVIL)
A.D. 1997**

SUIT NO: 738 OF 1997

Between:

ALDERIC NICHOLAS

PETITIONER

AND

**ST LUCIA DEVELOPMENT AND
NATIONAL HOLDINGS LIMITED**

RESPONDENT

Miss Mary M Francis for the Petitioner

Mr A Cozier for the Respondent

1997: SEPTEMBER 17
OCTOBER 9 AND 24

JUDGEMENT

FARARA J (Ag) In Chambers

By Petition filed 28th August, 1997 the Petitioner, at paragraph 20, sought (1) an injunction restraining the Respondent company from using the Petitioner's intellectual property which includes his concepts and design layouts and specifications which are now in the Respondent's possession, and (2) an injunction restraining the Respondent from further committing a breach of the written Agreement (dated 24th October, 1996) in allowing third parties to procure the furniture for the Respondent's Financial Centre at Bridge Street, Castries in St. Lucia.

At the hearing on 17th September, 1997 Learned Counsel for the Petitioner abandoned, on behalf of the Petitioner, the second limb of the prayer for injunctive relief against committing further breaches of the Agreement, and the matter proceeded on the basis of the first prayer for injunctive relief against the use of the Petitioner's intellectual property only.

Also at the hearing on 17th September, 1997 it was agreed by Counsel for both parties that this matter would proceed as a claim for interim injunctive relief and not for a perpetual or permanent injunction.

The Petition is supported by the Petitioner's Affidavit sworn and filed 28th August, 1997. The sole exhibit to that Affidavit is a typed version of proceedings held on 7th August, 1997 before the Registrar of the High Court of Justice in Civil Suit No. 682A of 1997 involving the identical parties, as petitioner and respondent, and concerning the same Agreement, alleged breaches thereof by the Respondent and a claim for injunctive relief by the Petitioner. The exhibit reveals that at the said hearing, an undertaking was given by Learned Counsel for the Respondent "that the bidding process and award of tenders have ceased". No further steps or proceeding have been taken in Suit No. 682 of 1997.

Returning to the instant matter, an Affidavit in reply sworn by Daniel Girard, a director of the Respondent Company, was filed

on 2nd August, 1997 with one exhibit, a letter dated 22nd August, 1997 from Geraldine E. St. Prix, Secretary of the Respondent Company, to the Petitioner which alleges certain acts of professional inpropriety against the Petitioner and terminates or purports to terminate the Agreement dated 24th October, 1996 "with immediate effect." The letter ends by stating the Respondent's willingness to pay to the Petitioner "any sums legally due to you to date under the said contract" and reserves the Respondent's right to pursue any criminal or civil proceedings which may be warranted by virtue of the Petitioner's actions or under the said contract.

On 10th September, 1997 the Petitioner filed an Affidavit in answer to the Respondent's Affidavit. At paragraph 2, the Petitioner admitted receiving the letter of termination and asserts that it represents a repudiation of the Agreement by the Respondent. He denied the allegations in the letter of termination or any breach of fiduciary duty which may have been owed by him to the Respondent, and asserts that, as an independent contractor, he was not subject to the control of the Respondent in the execution of the job.

During the course of her submissions on 17th September, 1997 Counsel for the Petitioner applied for and leave was granted to the Petitioner, to file and serve a Supplementary Affidavit to adduce evidence as to the passing on by the Respondent of the designs and layouts prepared by the Petitioner, in pursuance of

his obligations under the Agreement, to the Barbadian company of Herman Miller Inc. and their use thereof in submitting a quotation for the supply of the furniture and furnishings for the Respondent's Financial Centre, as alleged in paragraph 11 (b) of the Petition. Leave was also granted to the Respondent to file and serve an Affidavit in reply thereto.

By the Petitioner's further Affidavit in support of the Petition filed 19th September, 1997 he exhibited, in support of paragraph 11 (b) of the Petition, as **Exhibit B**, a document which he classified as a bid presentation derived from his Floor Plan Layouts for all floors of the Respondent's Financial Centre. In fact the said exhibit consists of a copy of a Fax Transmission Sheet dated 13th June, 1997 from Francis Jordon of Herman Miller Inc. to George Daubek of the Respondent company; a letter dated 16th June, 1997 from Francis Emigido Jordon, Marketing Manager of Herman Miller Inc. to the St. Lucia Development Bank for the attention of Francis Leonce its Chairman; and a second letter (with attachments) dated 16th June, 1997 from Francis E. Jordon, for the attention of Mr. Francis Leonce, which is a quotation by Herman Miller Inc., based on copies of the Layout Plans supplied to them by the Respondent, for the supply of furniture and furnishings for the first and second floors of the Respondent's new Financial Centre. The Petitioner contends and it is conceded by the Respondent that the layout plans (referred to in the latter letter) supplied by the Respondent to Herman Miller, are the

plans prepared by the Petitioner pursuant to his obligations under the Agreement with the Respondent and made available to the Respondent by the Petitioner.

By the second Affidavit of Daniel Girard filed 26th September, 1997 the Respondent, *inter alia*, admits that the Petitioner's **Exhibit B** was prepared by Herman Miller Inc. "to offer a quotation on the project" (paragraph 3) and, further, admits that "it sent furniture layout plans" to Herman Miller in respect of the ground floor and the first, second, fourth and fifth floors of its Financial Centre, and plans for the relocation of the power outlets arising therefrom in respect of the ground floor and floors four and five only.

However, Mr. Girard further contends at paragraph 4 of his second affidavit, that the aforementioned plans, the Petitioner's final budget proposals of 21st March, 1997, together with some display boards and samples of materials, (which boards and samples he deposed were taken away by the Petitioner after making a visual presentation to the Respondent) were the only plans or designs or visuals ever presented by the Petitioner to the Respondent in pursuance of his obligations under the Agreement dated 24th October, 1996. He then exhibits as "A" a bundle of the furniture layout plans and as "B" a bundle of the electrical plans.

Mr. Girard also contends that the Respondent, having paid to the Petitioner the deposit of \$17,000.00 under Clause 16 of the Agreement and a further \$7,000.00 under clause 17 (a) thereof, has fully paid the Petitioner for the said plans, design concepts and visuals submitted to it by the Petitioner, and the Respondent is fully entitled to use them in furnishing its Financial Centre at Bridge Street in Castries.

Finally, Mr. Girard asserts in his Affidavit that the balance of the payments by the Respondent to the Petitioner under clause 17 (b) (c) (d) and (f) of the Agreement, were to be made in consideration of the Petitioner carrying out his undertakings in clauses 4, 6, 9, 10 and 11 thereof.

The Contract

By a written Agreement dated 24th October, 1996 the Respondent engaged the Petitioner, as an interior designer, to provide a number of services in relation to the Respondent's Financial Centre under construction at Bridge Street in Castries. These services are set out in clauses 1 to 9 (inclusive) of the Agreement and do not bear repeating in detail for the purpose of this application for interim injunctive relief. However, suffice it to be said, that the Petitioner contracted to prepare the design layout of the furniture and furnishings for the offices of the two banks at the Respondent's Financial Centre; select the

furniture, fabrics, upholstery, paint colours and wall coverings; prepare for quantity take off and installation the individual floor plans; prepare for purchasing and installation room and suite floor plans, colour schemes and picture installation elevation in presentation board form; prepare for purchasing and job record furniture and furnishing books in bound book form; inspect all furniture and furnishings either in production, prototypes or shop drawings to ensure the standard approved by the Respondent; coordinate and liaise with the Architect of the Financial Centre regarding material and colour selections for all areas encompassed by the Agreement; and supervise all installation necessary to complete the job.

It is noteworthy, that all services involving the design and/or preparation of drawings, documents or books by the Petitioner were, under the terms of the Agreement, to be carried out subject to the approval of the Respondent.

It is also of some significance, that the design and preparation of layout plans for the furniture and furnishings were only a part of the services which the Petitioner contracted to provide for the total consideration of \$90,000.00, and the services to be provided by the Petitioner pursuant to the Agreement were, apparently, not for the entire building or all floors therein.

In addition, the Respondent undertook to provide storage space for all materials necessary to complete the job prior to

installation, a coordinator to act as liaison between the Petitioner and the Respondent; and to pay all approved invoices from suppliers as well as installation costs.

Clause 15 of the Agreement is one of the most unskillfully worded provisions therein. It purports to list, in a summary way, all the work to be done and services to be provided by the Petitioner to the Respondent in respect of its Financial Centre, for the consideration of \$90,000.00.

Clause 16 of the Agreement provides for payment of a deposit of \$17,000.00 by the Respondent to the Petitioner upon execution of the Agreement.

By Clause 17 the balance (\$73,000.00) is to be paid in five staged payments as follows:-

(a)	On the presentation of visuals (SLDB \$5,000.00) 1st installation (NCB) \$2,000.00) 2nd installation	EC\$7,000.00
(b)	Payment on completion of Purchase order	EC\$16,500.00
(c)	Payment on shipment of goods by supplier	EC\$16,500.00
(e)	Payment on receipt and verification of purchase order	EC\$16,500.00
(f)	Payment upon satisfactory completion of installation	EC\$16,500.00

There is no sub paragraph "d", an obvious typographical error. The stages of the work at which these payments were to be made, indicates that the total "fee" or consideration payable

under the Agreement, was for considerably more than the preparation of the design and layout plans for the furniture and furnishings.

The "estimated time" for completion of the services to be provided under the Agreement is stated in clause 18 as "one month after completion of the Building or on or about the 31st July, 1997, whichever is the earlier". It is common ground that as of 31st July, 1997 the said building was not completed, but the contract was not terminated until the Respondent's letter of 22nd August, 1997. It is beyond dispute that, prior thereto, the Respondent had provided the furniture layout plans for the ground floor and floors one, two, four and five and the plans for relocation of the power outlets in respect of the said floors, prepared by the Petitioner under the Agreement, to Herman Miller in Barbados for the purpose of preparing a quotation, **Exhibit "B"** to the Petitioner's third Affidavit.

It is also common ground that the Respondent paid and the Petitioner received the contract deposit of \$17,000.00 and the further sum of \$7,000.00, payable upon "presentation of visuals" pursuant to clause 7 (a) of the Agreement.

In short, it is the contention of the Petitioner that the Respondent has not paid for the Petitioner's design layout plans for the furniture and furnishings, which are the original artistic work of the Petitioner and, therefore, subject to copyright

pursuant to Section 7 (1) of the Copyright Act 1995 (Laws of Saint Lucia), and, as such, the Respondent's actions in providing such plans and drawings to Herman Miller without the express permission or licence of the Petitioner, constitutes an infringement of the Petitioner's copyright (Section 33 (1) of the Act) in the said plans and drawings, and the Petitioner, as the owner of that work (Section 25 (1)) is entitled to restrain such infringement by injunction pursuant to Section 36 (1) of the Copyright Act 1995.

It is the case for the Respondent that by its payments to the Petitioner under the Agreement, totalling \$24,000.00, it has fully paid the Petitioner for what he had produced so far under the Agreement, (the plans, design concepts, visuals and budgetary proposals) and became entitled to use those plans and design concepts in obtaining the furniture and furnishings to complete its Financial Centre at Bridge Street in Castries.

The Respondent's Counsel conceded that the copyright in the plans and design concepts rests with the Petitioner, but submitted that the Respondent, by virtue of its contract payments, has acquired ownership thereof and the right to use them to complete its Financial Centre. To this Counsel for the Petitioner submits that those payments were not for the said plans and design concepts, the \$17,000.00 payment is akin to a mobilization fee and the \$7,000.00 was for the mere presentation of visuals pursuant to clause 17 (a) of the

Agreement and, in any event, the payment(s) were "nominal" and therefore did not carry with it ownership of the plans and design concepts to the Respondent.

Further, Counsel for each party submitted that damages would be an adequate remedy for the other party but not for their client, and the balance of convenience lies with granting or not granting, as the case may be, interim injunctive relief.

The Statute

The Agreement dated 24th October, 1996 is silent on the question of the ownership of the plans, design concepts and layouts. What is clear, however, is that it does not provide for the assignment of copyright in the said works by the Petitioner to the Respondent. And so, copyright in the said works is owned by the author, the Petitioner (Section 24 (1) Copyright Act 1995). There has been no actual assignment of the copyright in the said plans, design concepts and layouts to the Respondent, and any such assignment must be in writing (Section 26 (1) and (3) Copyright Act 1995). Furthermore, there is no evidence of a licence having been granted by the Petitioner to the Respondent, except to the extent that same may be construed from the terms of the Agreement (Section 26 (4) Copyright Act 1995).

As such, the Petitioner has a right to be identified as the author of the said plans and design concepts (Section 15 (1)); to object to derogatory treatment of his work (Section 16 (1)), which includes distortion or mutilation of the work, or where the treatment "is otherwise prejudicial to the honour or reputation of the author."

Mrs. Francis for the Petitioner submitted that, by the Respondent passing on the Petitioner's plans, design concepts and layouts to Herman Miller for them to present a quotation for supplying the furniture and furnishings for the Respondent's Financial Centre, it is prejudicial to the honour and reputation of the Petitioner, as the author, to have someone else supplying the said furniture and furnishings utilizing the Petitioner's said work. I am of the view that there is no evidence produced so far which can amount to derogatory treatment of the Petitioner's work. Certainly there has been no assertion that his work has been or is likely to be distorted or mutilated, and there is no evidence of the Respondent or Herman Miller or anyone else for that matter, doing anything which may properly be construed as prejudicial to the honour and reputation of the Petitioner. Simply to have another reputable firm use the plans and design concepts, produced by the Petitioner, for the very purpose for which they were produced in the first place cannot, without more, be prejudicial to the Petitioner's honour and reputation.

As the author of a protected work, the Petitioner is entitled to protection against infringement of his copyright, including the copying and distribution thereof. He may protect his rights by legal action for infringement in the High Court of Justice seeking relief including damages, injunction and accounts (Section 36 (1) Copyright Act 1995). To date the Petitioner has brought no such action for infringement against the Respondent. Has the Petitioner's copyright in the said plans, design concepts and layouts been infringed or is likely to be infringed by the Respondent?

The Law

The Agreement dated 24th October, 1996 is not a contract of service but a contract for services. The Petitioner was engaged as an independent contractor. As such, he was not producing the plans, design concepts and layouts for his employer in the course of his employment so that, even though he is the author, the first owner of the copyright would not be him but his employer. **Law of Copyright By F.E. Stone James 8th Ed. at Pages 150-151.** The Petitioner is therefore the owner of the copyright in the said plans, design concepts and layouts, but is he the owner of the said documents.

Plans and drawings prepared by architects for the use of their clients are, in the absence of a special agreement, the property of the person who pays for them, and any custom that the

architect should retain them is unreasonable. **Encyclopedia of Forms and Precedents 4th Edition Volume 3 Para. 51 Page 160. and Gibbon v. Pease (1905) 1KB 810.**

In Hudson's Building and Engineering Contracts 10th Ed Pages 188 to 189 it is stated -

"Where an engineer, architect or surveyor is employed to perform a specific work, such as to prepare plans or make a survey, he is entitled to be paid for his plans or survey as soon as he has done the work and given the employer a reasonable opportunity of inspecting and ascertaining its correctness, and he has a lien upon and may retain the plans until he is to paid."

It is to be remembered that the Petitioner, having already received the deposit of \$17,000.00 and upon being paid the further sum of \$7,000.00 under the Agreement, handed over or provided the Respondent with copies of the said plans, design concepts and layouts.

The author of Hudson's continues at page 189 -

"But upon payment of the architect's charges he must deliver up his plans, unless it has been stipulated that they are not to become the property of the employer."

As stated previously, there was no such stipulation in the Agreement between the Petitioner and the Respondent which would prevent or restrict the application of this principle.

And finally at page 190 of Hudson's it is stated -

"So far as copyright is concerned, in the absence of express provision in the contract of employment, the copyright in all plans and drawings remains with the architect."

There is therefore a clear legal distinction to be made between ownership of the plans prepared by the architect which, upon payment of the fee, becomes the property of the employer and the ownership of the copyright in the plans which, in the absence of any contrary contractual provision, remains with the architect, even after full payment of the fee for their preparation. **See Emdem's Building Contracts and Practice 8th Ed. Vol. 1 Pages 464 to 467.**

The payment of the full scale fee (as oppose to a nominal fee), will give rise to an implied licence to the employer to use the plans for the building and on the site in question, which extends to the builder or other purchaser of the site, the licence being limited to that site only. **Blair v. Osborne and Tomkins (1971) 1AER 468.**

In **Stovin - Bradford v. Volpoint Properties Ltd. (1971) 3AER 570** the English Court of Appeal held -

"where an architect prepare plans at the request of a client the copyright remained in the architect, but when he charged the full RIBA scale fee for the work so far done by him that fee, in the ordinary way, included a licence to the client to use the architect's plans, for the purpose of the building right through to its completion."

In that case the court found that the architect's fee of 100 guineas, when compared to the scale fee of 900 pounds, was a "nominal fee" and, therefore, no licence for their use by the client for the buildings could be implied. **Per Lord Denning MR at Page 575 e-f.**

Having carefully considered the Agreement as a whole, the various types of work and services which the Petitioner contracted to carry out in connection with the furnishing of the Respondent's Financial Centre, including obtaining the furniture and the supervision of its installation, the amount and schedule of contract payments, I do not agree with Mrs. Francis' classification of the payment of \$17,000.00 and/or \$7,000.00 as a "nominal fee." I am therefore not satisfied that ownership of the plans rests with the Petitioner or that there was no implied licence for use of the said plans by the Respondent and its contractor/suppliers for the purpose of furnishing the

Respondent's Financial Centre which, indeed, is the purpose for which the plans and design concepts were created in the first place. I am therefore not satisfied that the Petitioner has made out a strong case for infringement of his copyright in the said plans, design concepts and layouts so as to warrant interim injunctive relief. By contrast, the Respondent's case for ownership of or entitlement or licence to use the said plans and design concepts to complete its building, is a strong one.

Damages as an Adequate Remedy

The quantum of damages for infringement of copyright is based on a reasonable licence fee. **Hudson's Building and Engineering Contracts 10th Ed. Page 190 - 191.** As Denning MR put it in **Stovin - Bradford v. Volpoint Properties Ltd. at Page 576 A** - "*They ought to pay damages in an amount equivalent to the fee which they would have had to pay for a licence.*"

Furthermore, Section 36(4)(a) of the Copyright Act 1995, prohibits a court from granting an injunction for infringement of a copyright in respect of the construction of a building after the construction of the building has begun, so as to prevent it from being completed. The plans prepared by the Petitioner were obviously one set of plans required for the completion of the Respondent's Financial Centre and, hence, may very well be caught by Section 36(4)(a).

It is my considered opinion, that any relief to which the Petitioner may be entitled under the Agreement or in respect of the use of the plans, design concepts and layouts prepared by him under or in partial performance of the said Agreement, can be adequately compensated in damages. There is no contention that the Respondent will not, at the conclusion of the trial, be financially unable to meet any reasonable award of damages in the event that the Petitioner is successful. It is also my view that the amount of such damages would, on a best case scenario, be the sum of \$66,000.00 the balance of the contract sum, which would obviously include (assuming its more than the \$24,000.00 already paid) a reasonable licence fee.

Having concluded that damages would be an adequate remedy for the Petitioner, it follows that I need not go on to consider the balance of convenience. **Series 5 Software Ltd. v. Clarke (1996) 1AER 853 explaining American Cynamid Co. v. Ethicon Ltd. (1975) 1AER 504.** Suffice it to be said that from my analysis of the factual matters, my interpretation of the Agreement and, my application of the legal principles, I hold that the balance of convenience would lie in refusing the application for an interim injunction.

Learnard Counsel for the Petitioner also submitted that the conduct of the Respondent, in breaching the Agreement and infringing the Petitioner's copyright, was such as to disentitle the Respondent from asking that damages be assessed in

substitution for an injunction. In this regard she relied on -

Bean on Injunctions 7th Ed. where at Page 18 (2) the author states-

"where the defendant has wrongfully interfered with the Plaintiff's rights as an owner of property, and intends to continue that interference the Plaintiff is prima facie entitled to an injunction".

She also cited -

Bean on Injunctions at Page 19 (4)

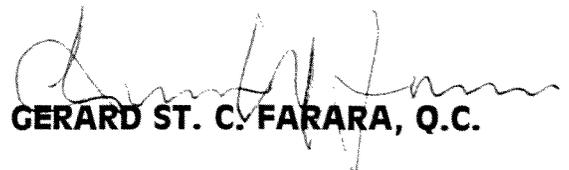
Jaggard v. Sawyer (1995) 1WLR 269 Per Sir Thomas Bingham MR at 277 d - h.

Colls v. Home and Colonial Stores Ltd. (1904) AC 179 Per Lord Macnaghten at 193.

I do not agree with this submission of Counsel for the Petitioner. The Agreement has been terminated by the Respondent and if same is wrongful, the Petitioner would be entitled to damages for wrongful repudiation or breach. The extent of such damages is unlikely to exceed the stated contract sum. Further, as stated previously, I am not satisfied that the Petitioner has a strong case for infringement of copyright.

In the premise, I would dismiss the Petition with costs to the Respondent to be taxed unless otherwise agreed.

I would also release Counsel for the Respondent from the undertaking which he gave in Suit 682A of 1997.



GERARD ST. C. FARARA, Q.C.
HIGH COURT JUDGE