

IN THE COURT OF APPEAL, FIJI ISLANDS  
ON APPEAL FROM THE HIGH COURT OF FIJI

CIVIL APPEAL NO. ABU0011 OF 2007S  
CIVIL APPEAL NO. ABU0052 OF 2007S  
(High Court Civil Action No. HBC149 of 2002S)

BETWEEN: THE PERMANENT SECRETARY FOR EDUCATION *Appellant*

AND: PACIFIC EDUCATIONAL RESOURCES (FIJI) LIMITED *Respondent*

Coram: Byrne, JA  
Hickie, JA  
Powell, JA

Hearing: Thursday, 2<sup>nd</sup> April 2009, Suva

Counsel: R. Green for the Appellant  
V. Mishra for the Respondent

Date of Judgment: Wednesday, 8<sup>th</sup> April, 2009, Suva

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JUDGMENT OF THE COURT

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The Proceedings Below

1. The Permanent Secretary for Education (the appellant) claimed to be the owner of copyright in external examination questions for Economics, Accounting, Basic Science and Mathematics for the years 1995 to 2000 (the exam papers).

The appellant made the exam papers available for students. It did not make a profit from doing so.

2. Pacific Educational Resources (Fiji) Ltd (the respondent) published the exam papers along with suggested model answers to the questions. It proposed to sell the question and answer books to school students as "*revision guides*". The appellant brought proceedings in the High Court to prevent the respondent doing so and, on 16 September 2004, obtained an interlocutory injunction so restraining the respondent.
3. The respondent counter-claimed for damages, claiming the profits it would have made if it had been able to sell the revision guides.

### **The Judgment Below**

4. In his judgment of 9 February 2007, following a hearing in November 2006, the trial judge (Finnigan J) found that the appellant had copyright in the exam papers but held that the appellant was not entitled to relief, being unable to establish that he would suffer any loss, damage or injury.
5. Moreover the trial judge found that the appellant had not made a claim for copyright against any other person who had published the exam papers, and he awarded damages on the cross-claim for losses arising from and as a result of this "*discrimination*". The trial judge awarded the respondent damages of \$150,000 on its cross-claim. The respondent had gone out of business after the appellant obtained the interlocutory injunction and proved \$300,000 for three years loss of profit but the trial judge noted that this was partly a voluntary decision and partly because the appellant was prevaricating over approving other books, a matter outside the ambit of these proceedings.

6. However the trial judge refused damages arising as a result of obtaining the interlocutory injunction saying "*I cannot find that this injunction was wrongly obtained.*"
7. On 25 February 2007 the trial judge ordered that the respondent pay the appellant's costs on its claim fixed at one-half of its costs on the higher scale under the High Court Rules, and that the appellant pay the respondent's costs on its cross-claim as agreed or assessed.
8. In short the trial judge has found that the appellant had copyright in the exam papers but wasn't entitled to an injunction because he couldn't establish any damages but that the respondent was not entitled to damages in accordance with the undertaking as to damages because he could not hold that the interlocutory injunction "*was wrongly obtained*". He then awarded the respondent damages for discrimination against the respondent, namely for allowing others to use previous year's examination papers without charge while refusing the respondent permission to do so.

### The Appeals

9. By Notice of Appeal filed 20 March 2007 the appellant claimed that the trial judge had erred:
  1. In holding that the appellant did not own copyright on the exam papers produced by the appellant prior to the Copyright Act 1999 (the Act).
  2. In failing to hold that the respondent had breached the appellant's copyright in the exam papers.
  3. In holding that the appellant did not suffer loss or damage as a result .
  4. In failing to award the appellant the remedies, including damages, which were available under the Act and the law.

5. In awarding costs at only half the higher scale because the appellant had failed to prove any authority for part of the claim arising before the Act
  6. In allowing the respondent's counter-claim and holding that the appellant took unfair discriminatory action against the respondent
  7. In awarding damages of \$150,000 for loss of profits
  8. In not taking into account that the appellant owned the copyright in the papers and had a discretion under the Act either to refuse or assign or grant a licence to copy the appellant's works
10. On 9 July 2007, pursuant to leave to appeal out of time, the respondent filed its own Notice of Appeal claiming that the trial judge had erred:
1. In holding that the appellant had copyright in the exam papers
  2. In refusing to order the appellant to pay damages in respect of the loss arising from the injunction being an injunction to which the appellant had no entitlement
  3. In reducing damages from \$300,000 to \$150,000
  4. In awarding costs to the appellant

### **A Simpler Approach**

11. It seems to this Court that if the appellant had copyright in the exam papers then, subject to the usual discretionary considerations (for example delay, damages being an adequate remedy) he was entitled to an injunction. If he did not have copyright then the injunction would be dissolved and the respondent would be entitled to damages in accordance with the undertaking as to damages.

12. There is, in our opinion, no third way, and therefore no need to examine whether or not the appellant could be liable for damages for discriminatory behaviour. Being unable to award damages for infringement of property rights is a reason for granting an injunction not for refusing to do so.

**Did the Appellant Have Copyright in the Exam Papers ?**

13. Section 14 (1) of the Act provides that *"Copyright is a property right that exists in original works of the following descriptions-*

- (a) literary, dramatic, musical or artistic works;*
- (b) sound recordings;*
- (c) audio visual works;*
- (d) broadcasts;*
- (e) cable programmes;*
- (f) typographical arrangements of published editions.*

14. Section 14(2) of the Act provides that *"A work is not original if: (a) it is, or to the extent that it is, a copy of another work; or (b) it infringes the copyright in, or to the extent that it infringes the copyright in, another work"*.

15. Section 17(1) of the Act provides that copyright does not exist in a work unless the requirements of either section 18, section 19 or section 20 are satisfied. Sections 18, 19 & 20 link copyright under the Act to Fiji (citizenship, country of publication or broadcast).

Section 26(1) of the Act provides that *"Where a work is made by or under the direction or control of the State – (a) the work qualifies for copyright notwithstanding section 17(1); and (b) the State is the first owner of the copyright."*

16. The word *original* means that the author must have exercised the required labour, skill and judgment in producing the work: *Ladroke v William Hill* [1964] 1 WLR 273. It must originate from the author and not be copied from another work: *University of London Press v University of London Tutorial Press* [1916] 2 Ch 601.
17. Copyright will be denied if the result is the labour trivial or insignificant or if it lacks originality. "*Whether enough work, labour and skill is involved, and what is its value, must always be a question of degree*": *G A Cramp & Sons Ltd v Frank Smythson Ltd* [1944] ACC 329 at 340
18. In *University of London Press Ltd* [supra] it was held that exam papers could be literary work and the subject of copyright.
19. The appellant says that the authors of the questions in the exam papers were employees of the appellant and that an employer is prima facie entitled to the copyright in work made by employees.
20. In *University of London Press* [supra] the copyright was held in respect of examination papers set by two co-plaintiff examiners who gave evidence that they had thought out the questions which they had set. The action had failed in relation to papers that had been set by other examiners who had not been joined as plaintiffs.
21. In *University of London Press* [supra] at 609 the Court stated:  
*"In the present case it was not suggested that any of the papers were copied. Professor Lodge and Mr Jackson proved that they had thought out the questions which they set, and that they made notes or memoranda for future questions and drew on those notes for the purposes of the questions which they set. The papers which they prepared originated from themselves and were, within the meaning of the Act, original."*

The questions in that case were not copied and *"it was admitted that the papers involved selection judgment and experience"*

### The Evidence

22. Ram Chandar for the appellant by affidavit dated 11 April 2002 says that the exam papers were original literary work made between the years 1995 to 2000 by examiners who were provided with the curriculum, examination guidelines, past years examination papers and the Chief Marker's Report and had to adhere to strict guidelines laid down by their Appointment Letter.

He denied that the questions were plagiarised from previous papers but said that a uniform pattern was followed.

23. A pro-forma Appointment Letter was tendered in evidence . It began:

*"Thank you for agreeing to become Chairperson of the panel of examiners for MATHEMATICS in the 2001 Fiji Junior Certificate Examination (FJC)."*

It set out the level of remuneration and then said:

*"The other member of your panel is .....of ....."*

The Appointment Letter said that:

*"As Chairperson, you will be responsible for the following:*

- a. Drawing up a blueprint for the question paper in this subject based on the current syllabus and prescription*
- b. Setting and checking the question paper*
- c. Arranging and holding meetings of the panel*
- d. Submitting the paper in the exact form in which it is to be reproduced ....*
- e. Providing a list of materials other than ruled paper that candidates will require*
- f. Providing answers and a marking schedule...*

- g. Providing a report on the work, attitude etc of each panel member/assistant examiner*
  - h. Certifying the number of accepted multiple-choice questions written by each panel member*
  - i. Proof reading AND arranging for a member of your panel to sit the paper*
  - j. Attending review meetings at the Examinations Office*
  - k. Convening a meeting of markers after the examination date and ensuring that markers are familiar with the marking schedule*
  - l. Ensuring that the paper or any part of it that has been produced by a computer and saved on a disk is completely deleted/erased*
24. Under the heading *Writing Questions* the Appointment Letter stated:
- Please note that all multiple-choice questions must have four (4) distracters*
- The writing of questions is not to be done during normal school/office hours*
25. The Appointment Letter enclosed:
- a. a guideline on the setting of examination papers*
  - b. Copy of the 2000 paper*
  - c. Confidential Report Form on Panel Members*
  - d. Multiple Choice Form*
  - e. Claim Form*
  - f. Appointment letter for your panel member*

These enclosures were not in evidence.

26. A Fiji Leaving Certificate 2001 Physics Examination Paper was annexed to the affidavit. Preparing the questions in that paper from scratch would require thought and work. Whether it was original thought or work is the issue.
27. Also before the High Court was an affidavit from the respondent's Dr Ganesh Chand sworn 29 May 2002. Dr Chand had taught economics at tertiary level for 18 years



and said that numerous questions in the exam papers had been lifted from other sources. In an affidavit in reply Ram Chandar denied this.

28. At the final hearing Ram Chandar gave additional oral evidence and was cross-examined over 2 days (13 & 14 November). The Court has before it a transcript of that evidence. The appellant called no other witnesses. There was no evidence before the trial judge from any of the authors of the exam papers and nor was there any evidence of the thought processes or work that went into even a single exam paper.
29. There was no evidence before the trial judge from the individuals who composed the questions that appeared in the exam papers. The individuals were not even identified by name. Accordingly there was no admissible evidence to establish that the work was original or, more particularly, that the labour in producing the questions was not trivial or insignificant.
30. As none of the authors were called to give evidence it was not possible to know how many, if any, of the questions in the exam papers were plagiarised or copied with little alteration.
31. Accordingly the trial judge erred in finding that the appellant had established copyright in the exam papers. To make such a finding there he needed to have evidence of the creative process from the authors of at least some of the exam papers.

**If the Appellant had Copyright in the Exam Papers, did the Act permit copying ?**

32. Section 14(1) of the Act provides that:

*"Copying a work for the purpose of criticism or review of that or another work, or of a performance of the work, does not infringe copyright if the copy is accompanied by a sufficient acknowledgement."*

33. The respondent relies on evidence that the answers to certain questions did not match answers from official sources and that teachers had contacted it stating that their own concerns about certain questions had been well addressed by the book.

34. Section 47 of the Act provides:

*"Copyright is not infringed by anything done for the purposes of examination, whether by way of setting the questions, communicating the questions to the candidates or answering the questions."*

35. The trial judge held that section 14(1) was not available to the respondent and that section 47 only provided protection to examiners and candidates for the exams.

It would appear that neither of these sections would avail the respondent, whose principal purpose was profit not examination or criticism or review of the exam papers. Section 14(1) of the Act would not have availed the respondent.

36. However given the Court's finding that the appellant had not established copyright in the exam papers, our opinion is strictly obiter.

#### Was Copyright Available in Fiji Prior to the Act ?

37. The appellant challenges the trial judge's findings that it could not have copyright in the exam papers produced by the appellant prior to the Act. Although it is not strictly necessary to answer this question the Court will do so.

38. The Copyright Act 1956 (UK) was extended to Fiji by an Order in Council made on 17 January 1961 and entitled the Copyright (Fiji) Order 1961, a matter recorded by the Fiji Court of Appeal in ***Robert Tweedie McCahill v Reginam*** [1982] Cr App No. 46. That UK Act applied in Fiji until the Act: see ***Crystal Clear Video Ltd v Commissioner of Police*** [1988] FJHC ; SPLR 130

39. The appellant's first ground of appeal is accordingly upheld.

#### **Damages for Discrimination**

40. It seems to this Court that if the appellant had copyright in the exam papers then Ground 8 of its appeal, namely that the trial judge erred in not taking into account that it had a discretion under the Act either to refuse or assign or grant a licence to copy the appellant's works, would have been made out.

41. An owner of property ought to be able to pick and choose whom he allows to use his property without opening himself up to a damages claim, but in view of the finding that the appellant had not established copyright the Court has not fully applied its mind to this question or to possible competition law issues.

#### **The Undertaking as to Damages**

42. Given this Court's findings that the appellant did not have copyright in the exam papers, the appellant was not entitled to an injunction and therefore his undertaking as to damages was enlivened, and the trial judge was obliged to assess damages resulting from the injunction.

43. An undertaking as to damages is an undertaking not to contest the legal basis of liability as to damages but to pay such damages as arise from the granting of the injunction. It remains incumbent upon the enjoined party to establish what, if any, damages were suffered as a result of the injunction.

44. The exercise that the trial judge undertook in assessing damages for "*discrimination*" was, on the facts of this case, at least in the way the trial judge approached it, the same exercise that ought to have been performed in assessing damages pursuant to

the undertaking as to damages. Damages were assessed on the basis of lost profits for the years 2005, 2006 and 2007.

45. The respondent says that the trial judge erred in halving damages to \$150,000 and in failing to award interest thereon. Although the respondent claimed that its decision not to expand into study guides and then into text books was caused wholly by the interlocutory injunction, the trial judge found that *"to some degree"* the respondent had *"closed down its operation voluntarily"* and on that basis reduced the damages that he otherwise found proved (\$300,000) by half.
46. The trial judge noted at paragraph 60 of the judgment that the respondent had claimed it had to close down its operations *"because (1) the study guides were to be the foundation of planned expansions and (2) because the plaintiff was prevaricating in approving other books. The latter reason is outside the ambit of this case."*
47. The respondent says that the trial judge was wrong to make this finding, because the *"other books"* referred to in paragraph 60 of the judgment were covered by the terms of the interim injunction, where the Court had restrained it from:

*"reproducing external examination questions in Accounting (Fiji Junior) Accounting (Form Seven), Basic Science, Economics and Mathematics for the year 1995 to 2000 or any substantial part thereof in their Revision Guides."*
48. At the conclusion of the hearing on 2 April 2009 the Court the parties to make further written submissions by noon on 3 May 2009 as to the evidence before the trial judge of the *"other books"*. That was done.
49. it seems that the evidence was that the injunction covered five of the twelve guides which the respondent was publishing and that the sales of the five directly enjoined accounted for over 50% of sales. However the evidence before the trial judge was

that the respondent had received legal advice that to continue to publish the other seven guides would be with "total disrespect to the intent of the (injunction)". It is therefore submitted that the trial judge erred in holding that ceasing to publish the seven guides was "voluntary".

50. It seems to this Court that the injunction would not have been breached by the publication of the seven guides but that the prudent course would have been to write to the appellant stating that unless it heard from the appellant within a limited time it proposed to publish the seven guides. This would have given the appellant the opportunity to seek to widen the terms of the injunction with the attendant risk of larger damages. That wasn't done and the appellant ought not be liable for the respondent's misapprehension as to the ambit of the injunction.

51. Accordingly the appeal against the trial judge's assessment of damages is dismissed.

### Interest

49. The trial judge failed to award interest on the award of damages. The damages were assessed by reference to annual lost profits of \$100,000 pa for three years.

50. In its written submissions at trial the respondent submitted that interest should be awarded for the period of 4 years and 4 months (being the period between the issue of the writ in April 2002 and the date of the submissions 7 December 2006) at the rate of 6%. The respondent referred the Court to the decision of the Court of Appeal in ***Lautoka City Council v Anare Robinson*** [1997] ABU0018 of 1996 where, in a personal injuries matter, the Court fixed interest at 6 ½ % taking into account that "the normal commercial rate of interest for fixed deposits was 6 ½ %."

51. There is no evidence before the Court of interest rates, commercial or otherwise, in the period 2005 to 2007.

52. The trial judge failed to address the question of interest. It seems to this Court that he ought to have awarded interest at the rate of 6% on damages on the amount of \$50,000 for 2 years and on \$50,000 for 1 year. There could be no interest on the lost profit for the 2007 year because judgment had been awarded by 9 February 2007. This amounts to interest of \$9,000.

### Costs Below

53. It follows from this Court's findings that the costs orders made by the trial judge must be vacated and be substituted by a single order namely that the plaintiff pay the defendant's costs of the proceedings and the cross-claim as taxed or otherwise agreed.

### Costs of the Appeals

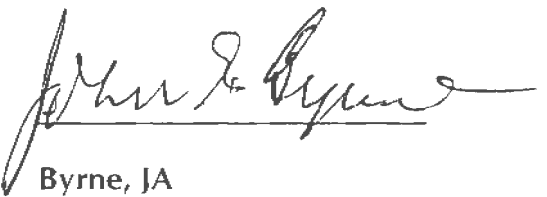
54. Although this Court has identified several errors in the trial judge's approach and reasoning, the result is not substantially different from that arrived at by the trial judge. The respondent has done slightly better in that the costs order in obtaining an order for interest and in having a costs order against it vacated but that is all. Accordingly there will be no order as to costs in each appeal with the view that each party bear its own costs in both appeals.

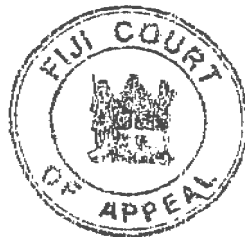
### Orders

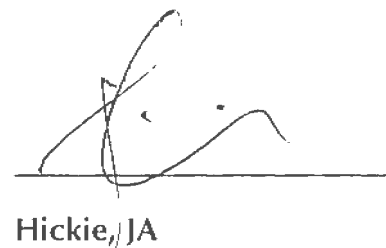
55. The orders of the Court are:

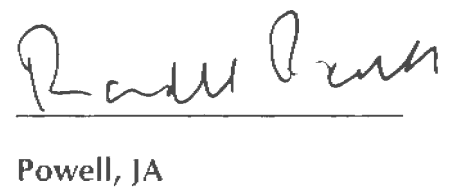
1. Orders 1, 2, 3, 4 and 5 of the Orders of the High Court sealed 27 February 2007 are vacated and the following orders made in their place:
  1. The injunction ordered by the High Court on 16 September 2004 is dissolved.

2. The respondent is awarded damages in the amount of \$150,000 together with interest thereon in the sum of \$9,000.
  3. The appellant is to pay the respondent's costs of the proceedings including the costs of the cross-claim as taxed or otherwise agreed.
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2. The appeals are otherwise dismissed .
  3. No order as to the costs of the appeals.

  
Byrne, JA



  
Hickie, JA

  
Powell, JA

Solicitors:

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Mishra Prakash & Associates, Lautoka for the Respondent