

TO SEND OR NOT TO SEND?¹

Introduction

How many times do we shoot off an email and then pause and think that maybe we hit the send a little too quickly. In a perfect world, we would check the email, and then have our digit hover over the mouse, while we had a good final look at what we said and how we said it.

Well we don't live in a perfect world, and sometimes we have one arm in our coat trying to tear out of the door. All we have time for, is a quick read while we hurriedly prepare to make a fast dash for the train.

Much more critical can be the split second decision of an employee in circumstances where the contract of service is about to end or has abruptly ended. In these times of easily transportable information, it is not uncommon to receive a call that your client was on the wrong end of an *Anton Piller* type injunction, with home computers invaded and often dragged off.

Background

The respondents (Mr and Ms Grant), had worked for the plaintiff (OPSM), a retail optometry business with 480 stores Australia wide. Mr Grant, was employed by OPSM as a regional operations manager, whilst Ms Grant, held a position with OPSM from approximately September 2006 to January 2008 as a 'cluster leader' providing support for optometrists in other stores in her region.

In about April 2008, Mr Grant resigned his position and took up employment with a competitor of OPSM, Specsavers. At about that time, Ms Grant approached Specsavers to inquire after a possible position. A position was subsequently offered to her. The case arose because of 23 emails sent by Ms Grant from her work computer to her home email address on or about 27 August 2008. The particular emails over which OPSM claimed copyright (and breach of express terms as to confidential information within the written employment contract) were:-

- a list of new optometry graduates, the stores at which they would be working, their mobile telephone numbers, their postal and email addresses and their starting dates. In addition was a 41 page brochure entitled 'Graduate Optometrist Learning Pathway 2008' which was a guide book or procedures manual for new graduate optometrists: [6]
- The attachment was entitled 'Optometrist Referrals', and provided details of how optometrists should refer patients to other optometrists, general practitioners and ophthalmologists;[7]
- The attachment to this email was a PowerPoint document entitled 'Optometrist Workshop' and provided training to optometrists on billing, referring to differences between Medicare item codes billed by OPSM optometrists compared with the rest of the profession;[8]
- This was a document sent to various managers of OPSM stores attaching a guide called 'Coaching for Conversion Tool Kit' and set out marketing procedures by which an optometrists and a retail shop assistant working together could best persuade a customer

¹ *Luxottica Retail Australia v Grant* [2009] NSWSC 126 (White J, 9 March 2009), (the additional damages judgment); *Luxottica Retail Australia v Grant* (No. 2) [2009] NSWSC 736 (31 July 2009), (the costs judgment).

to buy new frames or lenses. The method was called the ‘Three-way Handover’ and suggested how optometrists and optometrists could shepherd a customer from a consulting room to the shop assistant and how the optometrist should remain involved in the selling process: [9]

In relation to the fourth email, unlike the other emails described in the preceding three paragraphs, Ms Grant accessed the computer at the OPSM store, at which she worked, and forwarded the document to her own work email address and from there forwarded the document to her home email address. In the evening of that day, Ms Grant forwarded the attachment and covering email to Mr Grant at his work email address.

Findings

There was a finding of breach of copyright and breach of contract by Ms Grant. With respect to the claim in contract and compensatory damages for copyright infringement under s 115(4) of the *Copyright Act*, nominal damages were awarded. OPSM accepted that it suffered no loss and that Mr and Ms Grant had not made a profit.

The central issues for determination were OPSM’s claim for additional damages under s 115(4) of the *Copyright Act* and the question of costs.

White J noted that Ms Grant did not take any steps to cover her tracks and accepted that she wanted copies of the documents, either because she had made a substantial contribution to their creation or that they might help identify someone to speak to at OPSM for a reference, if graduates approached her in her new role with Specsavers.

Decision

White J determined that no award of additional damages should be made, save an award of \$10. Relevantly, White J said at [49]:

Having regard in particular to my finding that the first defendant was not conscious of any wrongdoing, that she did not attempt to cover her tracks, and that she did not derive any benefit from the infringement of the plaintiff’s copyright, I do not consider that interests of deterrence warrant the award of additional damages. I should add that I do not consider that additional damages should be awarded to reflect the fact that a reason no benefit was derived by the first defendant from the infringement was that the plaintiff moved promptly for an injunction.

It might surprise practitioners to know, that costs were awarded against OPSM. OPSM sought costs from all defendants up to and including the first day of the hearing with no order as to costs for the second day. Mr and Ms Grant had a more robust application, seeking costs of the proceeding on an indemnity basis from OPSM. In short, both parties claimed successes.

OPSM’s ‘successes’ were the awarding of nominal damages and consent orders without admission for delivery up of documents. OPSM had only pressed its claim for additional damages under the *Copyright Act*, and that was against Ms Grant only. It had not pressed its claims for compensatory damages or equitable compensation for breach of contract, breach of fiduciary duty, or breach of an equitable duty of confidence against Ms Grant. It did not press its claim against Mr Grant for knowing assistance in an alleged breach of fiduciary duty by Ms Grant, nor its claim that Mr Grant was liable as a joint tortfeasor for acting in concert with Ms Grant pursuant to a common design to infringe OPSM’s copyright: the costs judgment at [4].

Relevantly, Mr and Ms Grant made, through their solicitors, a without prejudice offer, offering to deliver up or destroy the documents in issue under oath, with each party paying their costs. This offer was rejected. A similar offer was made, with the difference that an offer to pay on a taxed basis, the plaintiff's costs against Specsavers, who were also joined in the proceeding. That offer was not accepted.

A further offer was made, in which Mr and Ms Grant offered to submit to injunctive orders, dispose of the "*Luxottica non-public Information*" and "*Luxottica Confidential Information*" and pay the plaintiff's costs. The defendants did not respond to this offer. White J did not consider the failure to accept OPSM's offer was unreasonable, given the lack of specificity of the expressions "*Luxottica non-public Information*" and "*Luxottica Confidential Information*": the costs judgment at [18].

Another offer was made, some two weeks later and in similar terms, but attaching a schedule of documents taken from the verified disclosure. In addition, the offer as to costs was that each party was to bear its own costs. The hearing was one week away. The difficulty now lay with costs, OPSM agreeing in essence to the delivery up on oath but seeking 80% of agreed or taxed costs. This offer was repeated on the second day of hearing, with the difference that the defendants offered \$100 and that each party pay its own costs to 17 February 2009 and for OPSM to pay the defendants' costs after 17 February 2009 - the defendants' confidence was growing.

White J considered that the offer of 17 February 2009, 'gave the plaintiff substantially the whole of the relief which it obtained in the proceedings': the costs judgment at [29]. Accordingly, its rejection based on an insistence that all costs be borne by the defendants was unreasonable.

It was ordered that that OPSM pay the defendants' costs of the proceedings from and including 18 February 2009 and that there otherwise be no order as to the costs of the proceedings.

The application of the defendants that the costs be on an indemnity basis was rejected. The grounds for the application were stated to be that OPSM's motives were to make an example of Mr and Ms Grant to the other employees and thereby dissuade such conduct. His Honour considered that if that were correct, it would justify an award of costs on an indemnity basis. However, the submission was not pressed and therefore not determined.

Comment

The decision sounds a warning bell for anyone dealing with the enforcement of IP rights, particularly copyright or trade mark infringement cases. As we know the government is proposing in IP Australia's Consultation Paper in November 2008 (see http://www.ipaustralia.gov.au/resources/news_new_archived_2008.shtml), to add additional damages to the relief a court might grant in trade mark cases.

In cases where it is clear that the usual approaches to compensatory relief, lost sales, lost profit or a licence fee approach, are not relevant, that additional damages may very well be the main claim. I act for an association who has nothing to do with the clothing industry, but who have difficulties with members of the clothing industry, seeking to use its trade marks (or variations based on them). Save for damages at large or compensation for embarrassment or distress, additional damages loom as the main risk factor for the respondents, particularly where injunctive relief will not be an issue. When is that? Usually, when the respondent was only trying a run to see if there was a reaction.