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THJ Systems Ltd v Sheridan

Positive/Neutral Judicial Consideration

Court

Court of Appeal (Civil Division)

Judgment Date

20 November 2023

Where Reported

[2023] EWCA Civ 1354

[2023] 11 WLUK 257

[2024] E.C.D.R. 4

[2024] R.P.C. 16

[2024] C.L.Y. 1138

[Judgment](#)

Subject

Intellectual property

Other related subjects

Information technology

Keywords

Admissions; Artistic works; Copyright; Infringement; Originality; Software

Judge

[Moylan LJ](#);

[Asplin LJ](#);

[Arnold LJ](#)

Counsel

For the defendants: Ted Loveday.

For the claimants: Richard Davis KC.

Solicitor

For the defendants: Maddox Legal.

For the claimants: Freeths LLP.

Case Digest

Summary

Although a judge had erred in applying the "skill and labour" test for originality, rather than the test of "author's own intellectual creation" laid down in *Infopaq International A/S v Danske Dagblades Forening* (C-5/08) EU:C:2009:465, [2012] Bus. L.R. 102, [2009] 7 WLUK 441, he had been

correct to find that the graphic works under consideration were original. However, he had been wrong to deal with the issue of infringement, and specifically communication to the public in the UK, in his judgment because no such issue was before him, infringement having been admitted by the defendants pre-trial.

Abstract

The defendants to a claim for infringement of copyright in graphic works produced by a piece of software appealed against a judge's declaration that the works constituted artistic works in which copyright subsisted; that their author was the first claimant's sole director (M); and that the copyright owner was the first claimant. The claimants cross-appealed against the judge's dismissal of their claim for copyright infringement.

- The first defendant (S) and his company delivered training and mentoring to members of the public interested in buying and selling options. The software created by M displayed financial information about the performance of options in the market.
- The claimants and the defendants went into business together, entering into a suite of licence and partnership agreements. The first claimant provided the defendants with the software, in return for the defendants advertising and promoting it.
- The parties' relationship broke down. The claimants terminated the defendants' licence to use the software, and brought claims for copyright infringement concerning alleged use of the software by the defendants post-termination.
- The judge declared that copyright subsisted in the "graphic user interface" and the "graphic displays produced by the Software when in use", but found that no infringement had been proved. The specific works under consideration were "risk and price charts" produced by the software.
- There was no dispute that, if the works were "original", as required by the [Copyright, Designs and Patents Act 1988 Pt I s.1\(1\)\(a\)](#), then: (i) M was the author of them; (ii) copyright subsisted in them; and (iii) those copyrights were owned by the first claimant.

The defendants contended that the judge had applied the wrong legal test, and that, if the correct test was applied, the evidence did not establish that the risk and price charts were original.

The claimants argued that the judge was wrong to dismiss the claim for infringement, because counsel for the defendants had stated, during a videoconference on 23 March 2021, that infringement was admitted if the claimants succeeded in proving subsistence and authorship/ownership. The admission was repeated in a witness statement of 4 June 2021 by a partner in the defendants' then solicitors, who had conduct of the matter on their behalf and who expressly stated that she had been authorised to make the statement on their behalf.

Held

Appeal dismissed, cross-appeal allowed.

Originality - The correct legal test was that set down by the CJEU in *Infopaq International A/S v Danske Dagblades Forening* (C-5/08) EU:C:2009:465, [2012] Bus. L.R. 102, [2009] 7 WLUK 441: "original" meant something that was of the author's own intellectual creation. What was required was that the author was able to express their creative abilities in the production of the work by making free and creative choices so as to stamp the work created with their personal touch, *Painer v Standard Verlags GmbH* (C-145/10) EU:C:2011:798, [2012] E.C.D.R. 6, [2011] 12 WLUK 47, *Football Dataco Ltd v Yahoo! UK Ltd* (C-604/10) EU:C:2012:115, [2012] Bus. L.R. 1753, [2012] 3 WLUK 1, *Funke Medien NRW GmbH v Germany* (C-469/17) EU:C:2019:623, [2020] 1 W.L.R. 1573, [2019] 7 WLUK 466, *Cofemel - Sociedade de Vestuario SA v G-Star Raw CV* (C-683/17) EU:C:2019:721, [2020] E.C.D.R. 9, [2019] 9 WLUK 110 and *SI v Chedech/Get2Get* (C-833/18) EU:C:2020:461, [2020] Bus. L.R. 1619, [2020] 6 WLUK 135 considered. The judge had applied the test of "skill and labour", which was the test applied by the English courts prior to *Infopaq* (see paras 15-16, 23 of judgment). The *Infopaq* test was an objective one. It was not one of artistic merit. The burden of proof lay on the claimants. A key item of evidence was the works themselves. The functionality of the software was irrelevant: the enquiry concerned the visual appearance of the risk and price charts. The various component parts of the charts had been laid out with some care. M had designed the display so as to fit a large amount of information into a single screen. He had selected what fonts and colours to use. The degree of visual creativity which went into the risk and price charts was low, with the consequence that the scope of protection conferred by copyright in the charts was correspondingly narrow, so that only a close copy would infringe, *Infopaq* applied. Whilst the judge had applied the wrong test, he was correct to find that the risk and price charts were original. The appeal was dismissed, save that the court would restrict the declaration made by the judge to the risk and price charts (paras 24-28).

Infringement -In written closing submissions, the defendants submitted that the acts relied upon by the claimants did not infringe any copyright which subsisted and was owned by the first claimant because those acts did not constitute communication to the public in the UK. That submission was amounted to ambushing the claimants with a wholly new case after the evidence had closed, thereby depriving them of the opportunity of adducing evidence on the point. The claimants ought to have objected to that in their submissions in reply. However, their failure to do so did not amount to a waiver of their procedural rights. The defendants never pleaded any case on communication to the public in the UK. It was incumbent on them to do so if they wished to make that an issue. The defendants' pleaded case made it clear that their denial of infringement was predicated solely upon their cases as to subsistence and authorship/ownership. Even if the pleaded case was unclear, counsel for the defendants during the meeting on 23 March 2021, and the solicitor in her witness statement, expressly admitted on behalf of the defendants that infringement was admitted if the claimants succeeded in proving subsistence and authorship/ownership. There was no suggestion that the defendants sought to withdraw the admission at any point prior to trial. They had not

identified any arguable basis for contending that they should be permitted to withdraw it, having regard to the factors listed in CPR PD 14 para.7.2. The judge was wrong to deal with the issue of infringement, and specifically communication to the public in the UK, in his judgment because no such issue was before him. The court would make a declaration that two instances of display of the risk and price charts pleaded in the particulars of claim constituted an infringement of the first claimant's copyright, and direct an inquiry as to damages or an account of profits at the claimants' election (paras 67-77).