

[2015] JMCA Civ 20

JAMAICA

IN THE COURT OF APPEAL

SUPREME COURT CIVIL APPEAL NO 78/2010

BEFORE: THE HON MRS JUSTICE HARRIS P (AG)  
THE HON MRS JUSTICE McINTOSH JA  
THE HON MS JUSTICE LAWRENCE-BESWICK JA (AG)

<b>BETWEEN</b>	<b>PAYMASTER JAMAICA LIMITED</b>	<b>APPELLANT and counter -respondent</b>
<b>AND</b>	<b>GRACE KENNEDY REMITTANCE SERVICES LIMITED</b>	<b>FIRST RESPONDENT and counter- appellant</b>
<b>AND</b>	<b>PAUL LOWE</b>	<b>SECOND RESPONDENT and counter-appellant</b>

**Mrs Denise Kitson QC and Mrs Trudy-Ann Dixon Frith instructed by Grant Stewart Phillips & Company for the appellant**

**Michael Hylton QC, and Courtney Bailey instructed by DunnCox for the first respondent**

**Vincent Chen and Ms Sylvan Edwards instructed by Chen Green & Co for the second respondent**

**24, 25 September 2013 and 27 March 2015**

## **HARRIS JA**

### **Introduction**

[1] This is an appeal against the decision of Jones J contained in a judgment delivered on 30 April 2010 in which he gave judgment for the first and second respondents on the issue of liability with costs and for the second respondent on his counterclaim with costs. The details of the order appealed are as follows:

- “1. Judgment for the 1<sup>st</sup> and 2<sup>nd</sup> Defendants on the claim on the issue of liability with costs to be agreed or taxed.
2. Judgment for the 2<sup>nd</sup> Defendant on the counterclaim with costs. Damages to be assessed at a date to be fixed by the Registrar of the Supreme Court.
3. There be an enquiry into damages consequent on the Claimant’s undertaking given to the court on the granting of the interim injunction in this matter. This enquiry is to be fixed on a date to be set by the Registrar of the Supreme Court.
4. A stay of these Orders is granted for 6 weeks from the date hereof.”

### **Background facts**

[2] The appellant, Paymaster is a limited liability company duly incorporated under the Companies Act of Jamaica. It is in the business of providing bill payment services and operates a fully computerized multiple client collections and bill payment service at various branches island wide. The first respondent (hereinafter referred to as GKRS) is a limited liability company duly incorporated under the Companies Act and carries on, inter alia, the business of foreign exchange trading. It also operates a money transfer service and a bill payment service. The second respondent was at all material times a

computer programmer, contracted to the appellant under a consultancy contract as its technical consultant.

[3] In 1983 Paul Lowe (hereinafter referred to as “the second respondent”) and his partner William Ingram formed Complete Systems Services Ltd (CSS) and developed a cashiering program which collects payments for a single company directly. They named it CSSREMIT.

[4] Between 1983 and 1992 CSS promoted/marketed CSSREMIT to various companies to assist in their collection needs. CSSREMIT is licensed to the Collector of Taxes, Norman Manley Airport, Jamaica Public Service Company Limited, Income Tax Department and the Stamp Commissioner. In the latter part of the 1980’s, the second respondent bought out the shares of William Ingram and in 1992, CSS ceased operating while the second respondent continued with the promotion, marketing and licensing of CSSREMIT.

[5] Sometime in 1994, Ms Audrey Marks, while resident both in Jamaica and in the United States of America, conceptualized the Paymaster multi-payment agency system. Ms Marks returned to Jamaica with the concept and in November 1994, Paymaster, through her as director, consulted with Dr Maurice McNaughton and retained his company, Jamaica Online Information Services Ltd (hereinafter referred to as “JOL”) to provide consultancy services for the purpose of developing a software package – a multi-payment agency payment system to deliver the services that she wanted.

[6] In February 1995, Dr McNaughton prepared a document called "Paymaster Collections Network: Architecture and Operations" for Paymaster. This document specified the structure and operations of the Paymaster's collections network; the software components and the underlying hardware to meet the requirements. Dr McNaughton recommended to Ms Marks the use of the second respondent's CSSREMIT software as a suitable foundation on which to develop "the branch and front end aspects" of Paymaster's operations. Dr McNaughton subsequently recommended that the second respondent be commissioned to write the computer programme, in accordance with the specifications provided by him (Dr McNaughton). The second respondent was subsequently engaged to do so. Upon the completion of the second respondent's assignment his CSSREMIT was licensed to Paymaster for a price of \$300,000.00.

[7] In June 1995, work on the Paymaster multi-payment software was suspended while awaiting a feedback from the utility companies. In early 1996, Paymaster rented its first store location where Miss Marks demonstrated the Paymaster multi-payment system to the utility companies. Paymaster received positive response from the utility companies. Ms Marks then entered into discussions with GKRS with a view to having a Western Union sub-agency installed at that location. Following this, she invited GKRS to invest in the Paymaster project. Paymaster supplied its managing director, Brian Goldson with a copy of Paymaster's business plan which included the Paymaster Collection Network Architecture and Operations Plan.

[8] In or around September 1996, the second respondent adapted and customized his CSSREMIT programme to Paymaster's specifications. However, some problems were encountered. It became apparent that further work needed to be done on the head office software and two additional modules were to be written by the second respondent to solve the problems. After the completion of the additional work, Paymaster began testing its multi-payment system in October 1996 but the testing was halted in September 1997 due to the utility companies' withdrawal from it as well as Dr McNaughton's withdrawal from the project. Thereafter, Paymaster assigned the second respondent the task of completing the development of the software. In the following month, Paymaster entered into a contract with Jamaica Public Service Company Ltd ("JPS") with respect to the use of its multi-payment system. By March 1998, Paymaster expanded its services to 10 branches/locations and in April entered into contract with Cable and Wireless (Jamaica) Ltd. During this time, however, Paymaster had to embark on a process of testing and debugging the system and meeting the costs occasioned thereby.

[9] In October 1998, the final version of the multi-payment software as well as a payment system for the Paymaster multi-payment software was delivered by the second respondent. Paymaster expressed its satisfaction with the product as it met the specifications required for its multi-client operations.

[10] It was Ms Marks' evidence that the second respondent, although already engaged in a contract with Paymaster, requested a separate software maintenance

contract and upon Paymaster's refusal in acceding to the request, he disconnected the Paymaster multi-payment software programme. She further stated that after months of discussions, an agreement was subsequently reached in February 1999 between Paymaster and the second respondent, in which the second respondent was given a maintenance service agreement by which he would be paid on each pay day of each month and would be required to attend all Paymaster's internal and external meetings.

[11] Ms Marks stated that on 4 October 1999, the second respondent licensed his CSSREMIT Front End Cash Remittance Programme to GKRS, sent the Paymaster multi-payment software programme and manual to GKRS and subsequently licensed the Paymaster multi-payment software to GKRS, which used the programme to start Bill Express as a competitor of Paymaster. A month after obtaining the license from the second respondent, she said that GKRS commenced entering into contracts with utility companies for bill collection and began marketing operations.

[12] Being aggrieved by the steps taken by GKRS, Paymaster, in August 2000 instituted proceedings against GKRS and the second respondent, claiming against them jointly and/or severally damages for:

1. Breach of copyright.
2. Breach of confidence.
3. Passing off.
4. Breach of contract and inducing breach of contract.

[13] Paymaster claims copyright in the CSSREMIT/Paymaster multi-payment software head office programme. It claimed to have designed the architecture, provided the specifications and contracted the second respondent to write the software from the specifications. In paragraphs 3, 4, 5, and 6 of its statement of claim it averred as follows:

- “3. The Second Defendant was at all material times a computer programmer who was contracted to the plaintiff since about 1996 under a consultancy contract as the plaintiff’s technical consultant. From January 1999 until August 2000 the Second Defendant was so retained under a monthly contract for services.
4. The Plaintiff company in or about late 1994 to early 1995 designed and created a multi-payment collection system software. This software (hereinafter called the Paymaster software) inter alia, provides a unique multi-client, multi-branch function and greatly reduces the inconvenience of paying several bills by providing a ‘one stop shop’ for bill payments thus increasing speed and efficiency.
5. The Plaintiff will say that the Plaintiff has expended substantial funds in researching, formulating, developing and fine tuning the Paymaster computer program which is the foundation on which the multi-payment system is built. The Plaintiff company owns the Copyright in the Paymaster computer program.
6. The Plaintiff contracted the Second-Defendant to convert the scripted written words of the architectural plan of the Paymaster computer program formulated by the Plaintiff and its expert Mr Maurice McNaughton into computer language and from time to time do such maintenance and upgrading of the system that was necessary by implementing new features specified by the Plaintiff to improve the capabilities of the Paymaster multi-payment computer program.

The Plaintiff says that it purchased a licence for \$300,000.00 from the Second Defendant to use his elementary CS Remit System as a base upon which the Plaintiff developed its computer program.”

[ 14] Paymaster further averred that in February or March of 1996 it approached GKRS about investing in Paymaster’s business/enterprise. After discussions, GKRS indicated that it was interested in becoming an equity partner in the business.

[15] At paragraphs 10, 11 and 12 Paymaster further stated as follows:

- “10. The Plaintiff will also say that between 1999 and January 2000 the First Defendant using information obtained from the aforesaid Business Plan and in breach of the confidential purpose for which the said business plans were delivered to the First Defendant, approached employees of the Plaintiff, including the Second Defendant. The second Defendant was on this occasion asked to implement Paymaster’s multi-payment computer program for the First Defendant’s bill payment business which was then in its genesis.
11. The Plaintiff discovered from in or about May 2000 that the Second Defendant without the Plaintiff’s knowledge or consent and without lawful authority, had wrongfully sold and or licensed Paymaster’s multi-payment computer program to the First Defendant for US \$20,000.00 in or about January 2000.
12. The Plaintiff says that the First Defendant knew or ought to have known that the Plaintiff had copyright in its said computer program and notwithstanding the same the First Defendant wrongfully and without the authority of the Plaintiff acquired the said computer program from the Second Defendant.”



[16] Paymaster went on to aver that GKRS and the second respondent infringed its copyright, causing damage and loss. Paymaster further stated that GKRS knew or ought to have known that the information in the business plans supplied to it was confidential, and in breach of its duty of confidence to Paymaster, wrongfully used it. It was also averred that the second respondent knew or ought to have known that the information in Paymaster's computer programme was given to him in confidence and he was under a duty of confidence not to disclose it to a third party and in breach of such duty, it sold and or licensed it to a third party for profit. Paymaster also stated that GKRS was under a duty of confidence to Paymaster in respect of all the confidential information supplied in its Business Plan.

[17] It was Paymaster's further averment that GKRS induced the second respondent to breach his contract of service; that it was an implied term of the agreement between the second respondent and itself that he would not reveal the information in respect of Paymaster's computer programme; and that the second respondent, in breach of his contract of service, unlawfully licensed the multi-payment computer programme to GKRS. Having set out particulars of the alleged breaches, Paymaster claimed damages.

[18] GKRS and the second respondent filed defences to the claim and they also counter-claimed. In its defence, GKRS claimed a licence for the use of the Paymaster multi-payment software from the second respondent as owner of the copyright. It denied the averments of paragraphs 3-6 of the statement of claim. GKRS further

denied receipt of a copy of Paymaster's Business Plan and stated that even if same were received an alleged relationship of confidence between Paymaster and itself would not have arisen.

[19] GKRS averred that in or about 1996, it was approached by Paymaster's managing director with a proposal that it should invest in Paymaster and appoint her a sub-agent of Western Union and that it entered into a contract with Paymaster, permitting it to establish a Western Union sub-agency in Kingston. It denies that: it wrongfully purchased a licence from the second respondent relating to Paymaster's multi-payment computer programme; that it used the business plan allegedly supplied by Paymaster and that it induced the second respondent to breach a contract with Paymaster. The matters claimed to be confidential were not confidential as they were known to the business community. It admitted paying the US\$20,000.00 as a licensing fee for the use of the second respondent's computer programme but stated that it entertained the belief that the second respondent was entitled to the copyright in the programme and it did not utilize the programme with the knowledge or the belief that this would have been an infringement of any copyright allegedly belonging to Paymaster.

[20] The second respondent denied that he was contracted to Paymaster as a technical consultant. He stated that he adjusted his computer programme at his own expense to include the functions described to him by Dr McNaughton and thereafter licensed it to Paymaster. He stated that he was unaware of any design and creation

for a multi-payment collection software for Paymaster. He further pleaded that, "all research, development and fine tuning of the CSSREMIT software as licensed to the Claimant were undertaken and completed and made functional prior to the creation of the licence." He denied that any written script of Paymaster's architectural plan was provided. He denied that he wrongfully or unlawfully licensed any computer programme owned by Paymaster, or received confidential information from Paymaster as the information imparted to him was not of a confidential or specialized nature. It was also refuted by him that any "Paymaster multi-payment computer program" existed. He further stated that he had lawfully sold and licensed a version of his CSSREMIT modified program to GKRS.

[21] In his counter-claim, he repeated the averments in the defence and stated that the CSSREMIT computer program which was developed by him and his partners since 1980 was designed for bill collection and had been modified from time to time to meet the needs of the users. He maintained in his defence that he is the owner of the computer programme and claimed an entitlement to licence it to anyone he chooses.

[22] He also stated that in breach of its licence, Paymaster claimed ownership in the improvements to the CSSREMIT and obtained an injunction restraining him from continuing his development and the licensing of the CSSREMIT. He averred that he was compelled to terminate his contract with GKRS in respect of the licence granted by him to it and was deprived of the consequential benefit of obtaining a service contract.

He claimed damages for the termination of the contract with GKRS and for wrongful repudiation of the licence by Paymaster.

### **In the court below**

[23] In the court below, GKRS and the second respondent complained that Paymaster had, for the first time, in its submissions, placed reliance on an implied agreement for the ownership of the copyright in the Paymaster multi-payment software. At that time Paymaster argued that although there were no written contractual agreements between the parties with respect to ownership in the copyright of the software, there was an implied term in the agreement that the copyright belonged to it.

[24] The learned trial judge treated as a preliminary issue, the question of whether Paymaster was entitled to rely on an implied agreement and found that the averments in paragraphs 3-6 of the statement of claim contained an allegation of an agreement between Paymaster and the second respondent to develop its multi-payment software and that no additional detail or pleading was required to raise the issue as to an implied agreement between these two parties with respect to the ownership of the software, as alleged.

[25] The learned trial judge identified four substantive issues which he sought to resolve during the course of the trial, but only three of which are relevant to this appeal as Paymaster stated at the outset of the hearing of the appeal that it would not be pursuing the appeal in relation to the claim for passing off and will limit its appeal to its

claims for breach of copyright, breach of confidence and inducing breach of contract.

The learned trial judge outlined and addressed the relevant issues by saying that:

- “i) The Copyright Act 1988 [sic] provides protection for computer programs as literary works. A computer program is a set of instructions given to a computer to perform certain works. Paymaster provided design specifications to Paul Lowe to develop a Paymaster Multi-Payment Software using Paul Lowe’s CSS REMIT program as a base. Paul Lowe wrote the program and subsequently licensed it to GKRS, a competitor of Paymaster, without Paymaster’s permission. Is Paymaster the owner or co-owner of the Paymaster Multi-Payment Software? Has Paul Lowe and/or GKRS breached Paymaster’s copyright?
- ii) It is an actionable tort for one party without justification to pass confidential information belonging to the other party to others not privy to the contract. Paymaster contends that during negotiations with GKRS they obtained confidential information relating to its business plans which was used to advance GKRS’s own business interest. GKRS denies that it received Paymaster’s business plans, and says that no relationship of confidence existed between them. Did a relationship of confidence exist between GKRS and Paymaster and was confidential information belonging to Paymaster obtained by GKRS and passed to third parties?
- (iii) ...
- iv) A person induces a breach of contract where he procures a third party to commit a wrongful act to prevent the performance of a contract. Paymaster contends that GKRS induced Paul Lowe to breach his contract with Paymaster by paying him US\$20,000.00 to license his software for use in their bill payment business. GKRS denies this, and contends that they believed that Paul Lowe was the owner of the software. Did GKRS know or ought to have known about the ownership of the software? Did Paul Lowe

breach his contract with Paymaster? Did GKRS induce Paul Lowe to breach his contract with Paymaster?"

[26] After addressing these issues, the learned trial judge found that the second respondent, the author of the computer programme at issue, never intended to assign away, forever, his ownership of the copyright in either the base CSSREMIT software or the Paymaster multi-payment software to paymaster. He also found that GKRS did not use Paymaster's business plan, but developed Bill Express from its own efforts and therefore the claim for breach of confidence had not been made out. He further found that there was no evidence of any "confusion or deceit" and so the claim for passing-off had not been proven. Finally, he found that the second respondent being the owner of the copyright in the software was entitled to licence it to any person, thus the causes of action for breach of contract and inducing breach of contract could not succeed. The learned trial judge gave judgment in favour of the respondents as set out in paragraph [1] herein.

### **The statutory framework**

[27] It may first be helpful to outline the statutory provisions to which this appeal invites consideration. These are sections 2(1), 5(1), 6 and 22 of the Copyright Act ("Act").

"2(1) In this Act -

'computer program' means a set of instructions, whether expressed in words or in schematic or other form, which is capable, when incorporated in a machine-readable medium, of causing an electronic or other device having information

processing capabilities to indicate, perform or achieve a particular function, task or result;

...

'literary work' means any work, other than a dramatic or musical work, which is written, spoken or sung, and accordingly includes-

- (a) a written table or compilation;
- (b) a computer programme..."

Section 5 provides requirements for protected works as follows:

"5 (1) Unless otherwise specifically provided in this Act, copyright shall not subsist in any work unless it satisfies the requirements specified in this Part as respects-

- (a) the category of work; and
- (b) either -
  - (i) the qualification of the author; or
  - (ii) the country or place of first publication, or in the case of a broadcast or cable programme, the country or place where it is made or from which it is sent, as the case may be."

Under Part 11 of the Act, original literary work is listed as a category of work which attracts copyright.

Section 6 outlines the categories of eligible works as follows:

"6 (1) Copyright is a property right which, subject to the provisions of this section, may subsist in the following categories of work-

- (a) original literary, dramatic, musical or artistic works;
- (b) ...
- (c) Typographical arrangements of published editions, may subsist in a work irrespective of its quality or the purpose for which it was created.

(2) – (7) ...

- (8) Copyright protection does not extend to an idea, concept, process principle, procedure, system or discovery or things of a similar nature.”

Section 22 of the Act makes provisions for the ownership of the copyright as follows:

- “(1) Subject to the provisions of this section, the author of a protected work is the first owner of any copyright in that work unless there is an agreement to the contrary.
- (2) Subsection (1) shall not apply to copyright subsisting in a work pursuant to section 146.
- (3) Where a protected work is a work of joint authorship the authors thereof shall be co-owners of the copyright in that work.”

### **Grounds of appeal**

[28] Paymaster, on 10 June 2010, filed 13 grounds of appeal as follows:

- “(1) The learned Judge erred on the facts in limiting the appellant’s contention that the Court ought to imply a term in [the] agreement between the Appellant and the Second Respondent that Paymaster is the owner of the copy right [sic] only to the fact that the requirements were provided by the Appellant.
- (2) The learned Judge erred on the facts in limiting the Appellant’s case as presented by its Counsel and the



evidence to two reasons for its contention that there should be implied in the said contract a term that Paymaster is the owner.

- (3) The learned Judge erred in law and/or misdirected himself in treating the Appellant's case as limited to the fact relating to the commissioning of the second Defendant to write the program and this factor as antithetical to the principle that ownership depends on the terms of the contract.
- (4) The learned Judge thereby failed to conduct the essential task of assessing all the relevant facts and considering the circumstances as a whole since in addition to the fact that the second Respondent was commissioned to write the programme to meet the Appellant's needs and objective the following factors were advanced and supported by evidence:
  - (i) Paymaster developed/produced the original business concept.
  - (ii) Paymaster retained Jamaica Online Business/McNaughton to assist in creating the Business Plan with the 'Collections Network Architecture and Operations'.
  - (iii) Paymaster paid Lowe to license his base program and for him to customize it with Paymaster's specifications and to write the new Head Office program to be operated together with the customized CSS Remit.
  - (iv) Paymaster provided continuous instructions and consultation in relation to the requirements of the project.
  - (v) Paymaster incurred considerable costs in time and money in the testing and debugging of the programs for which Lowe expected and received payment.

- (vi) Paymaster solely assumed very significant financial, reputational and operational risks for the software. Lowe did not offer, nor did Paymaster demand from him any indemnity against losses arising from deficiencies in the software and Paymaster paid considerable sums for solving problems related to the software.
  
- (vii) At the meeting on May 24, 2000 at which Lowe's conduct in licensing the Paymaster program to GKRS was questioned, it is recorded that Lowe acknowledged that in the circumstances in which that program had been created it was exclusively Paymaster's property, and although at the subsequent meeting he proposed amendments to the minutes, he did not seek to correct or contradict the record in respect of his admissions as to Paymaster's ownership.
  
- (viii) At the meeting on June 21, 2000 at which a draft service agreement which had been given to Paul Lowe was discussed, Mr. Lowe requested that certain amendments be made, [sic] In relation to Intellectual Property he proposed that the ownership of Paymaster should relate to "the functionalities requested by Paymaster" instead of "the Paymaster Remit system" acknowledged that the additional functionalities BG10 exhibited by Brian Goldson pp 219-229 contains hand-written amendments which are consistent with the amendments that the minutes record Lowe to have proposed. (See **Affidavit of Audrey Marks dated September 8, 2000, para. 27**). It is clear that in such circumstances, copyright in the additional functionalities vests in the

owner of those functionalities and the owner of one part of the program cannot license the entire program without the consent of the owner of the other part.

- (ix) The fact that Paymaster's name appears on the screen of a program that was in operation at GKRS is indicative of Lowe's understanding that the program was the property of Paymaster.
- (5) The learned Judge erred in law by failing to find that since there was clear evidence that at least the Appellant was intended to own the additional functionalities requested by it, copyright in these functionalities could not vest in Paymaster while the Second Respondent could grant a license to the First respondent or any third party of the entire program without the Appellant's consent.
- (6) The learned Judge failed to appreciate or failed to take sufficiently into account that the formulations of the principles relating to implied terms on which he relied were essentially directed at the cases in which there were written contracts and that whereas the more detailed the express terms of a contract the more difficult it is to imply additional terms conversely the less detailed the express term of a contract the less difficult is it to imply additional terms: [sic]
- (7) The learned Judge erred in law and on the facts in equating the modification of the base CSSREMIT software to meet the needs of varied circumstances with the writing of new software to meet the specific needs and objectives of the Appellant.
- (8) The learned Judge erred in law and on the facts in holding that the Second Respondent was not required to use or did not use any copyright and material belonging to Paymaster while creating the Multi-Payment Software for the Appellant, since the uncontradicted evidence is that the Appellant's concept of a multi-agency payment system, the

architecture and operations plan designed by Dr. McNaughton for the Appellant was supplied to him and he was engaged in the internal discussions about the development and implementation of the project, thereby using both confidential information and copyright material belonging to the Appellant to write the software.

- (9) The learned Judge erred in law and on the facts in finding that the customary inference in the trade would be for the Second Respondent to retain copyright in his software and license it to his clients as there was no evidence to that effect and the evidence was to the contrary with respect to the circumstances of this case.
- (10) The learned Judge failed to take into account that the question of the ownership of the source code only arose after the dispute emerged, since Paul Lowe continued to be engaged in the maintenance and implementation of the new system throughout the initial period.
- (11) The learned Judge erred on the facts in holding that there was no evidence that the First Respondent used the Appellant's business plan although there was uncontradicted evidence that important material and information belonging to the Appellant was transferred to the First Respondent by the Second Respondent and that the First Respondent was able within one day to establish the multi-payment business plan which it had taken years for the Appellant to design and develop and which the First Respondent had previously failed to develop or implement.
- (12) The learned Judge erred in law and on the facts in holding that Paul Lowe is the owner of the copyright and entitled to license it to other persons and further that by reason thereof the Appellant's cause of action for breach of contract and inducing breach of contract cannot succeed although the evidence was clear that the Second Defendant did communicate confidential

information belonging to the Appellant to the First Defendant.

- (13) The findings of the learned trial Judge are against the weight of the evidence, particularly evidence elicited from the Respondents' witnesses in cross-examination."

[29] GKRS and the second respondent filed counter notices of appeal on 24 and 30 June 2010 respectively, as follows:

- "1. The appellant having failed:
- (a) to allege in its pleadings any implied term in any agreement with the 2<sup>nd</sup> Respondent which provided that the Appellant would be the owner of the copyright in the software which is the subject of the claim (so as to displace the statutory attribution of first ownership of copyright to the author of the protected work under **s. 22 (1)** of the **Copyright Act**) and;
  - (b) to particularize in the said pleadings the facts and matters being relied on as giving rise to the alleged implied term;

was not entitled to raise and/or rely on, for the first time during its closing submission at the trial an allegation that the appellant was the owner of the copyright in the software by virtue of an implied term in an agreement between the Appellant and the 2<sup>nd</sup> Respondent that the Appellant would be the owner of the said copyright. Accordingly, the appellant could not succeed on its claim for breach of copyright and/or inducing breach of contract on this basis."

## **The submissions**

**(a) The failure of the learned trial judge to recognize and treat with the entirety [sic] of the evidence which supported the implication of an agreement that Paymaster would own the copyright in the Paymaster program (Grounds 1, 2 & 6)**

[30] Mrs Kitson QC, on behalf of Paymaster, submitted that the principal complaint underpinning these grounds is that the learned trial judge fell into error when he sought to limit the reasons for Paymaster's contention that there should be implied in the contract between it and the second respondent, a term that Paymaster is the owner of the copyright, to: firstly, that Paymaster commissioned the second respondent to write the Paymaster multi-payment software for Paymaster's operations and secondly, the amount of money spent by Paymaster in developing the software. Paymaster, counsel further argued, accepts that these two reasons were indeed advanced before the court below as a basis for an implication of a term in the agreement between the two parties that Paymaster would own the copyright in the Paymaster software. However, counsel submitted, there were other clear and cogent reasons why it was necessary to imply the incidence of ownership of the copyright.

[31] Queen's Counsel submitted that section 6 of the Copyright Act states that copyright subsists in original literary works which are recorded in writing. She also referred to section 22(1) of the Act which provides that the author's first ownership may be displaced if an agreement to the contrary exists and submitted that it is Paymaster's case, which is borne out by the evidence, that such an agreement existed. Furthermore, counsel submitted, the legislature generally recognize that the person

who made or the person who caused a work to be made, that is, the one commissioning the creation of the work, would be entitled to ownership of the copyright. In support of this submission, counsel cited, among others, section 1 of the Engraving Copyright Act 1734-1766 (7 Geo 111, c. 38) (the property right was vested in the person who made the sculpture or caused it to be made), the Sculpture Copyright Act 1814 (Geo 111, c. 56) (the owner was the actual sculptor or the person who caused the sculptor to be made) and the case **Boucas v Cooke** [1903] 2 KB 227. The presumptive proprietary right, she said, was subject to an express or implied agreement to the contrary and for this submission, she relied on **Lawrence and Bullens Ltd v Aflalo** [1904] AC 17. Counsel further submitted that the Copyright Act 1911 also placed the presumption of ownership of certain types of works in the author, unless there is an agreement to the contrary. These examples, she submitted, illustrate that in copyright legislation the concept of the presumptive ownership being displaced by an agreement to the contrary was well-known and well established.

[32] It was further submitted that prior to the UK Copyright Act, 1988 the presumption of ownership by the employee/author could be displaced by an agreement to the contrary. This was also the position under section 5 (1)(a) of the Copyright Act 1911 in relation to commissioned works of engravings, photographs and portraits; works created in the course of employment and the author's right to restrain republication of literary works in certain publications (section 5(1)(b)), counsel argued. This is the position now reinstated by the Jamaican Copyright Act 1993, counsel submitted, and applies to all works notwithstanding how they came about, save for

those first published by or under the direction or control of an international organization as specified by the Minister. Accordingly, she submitted, under that Act, if an agreement to the contrary is proved by the employer or any other party, the copyright will belong to the employer or any other party.

[33] Furthermore, counsel submitted, if the work is specifically commissioned and paid for by a person other than the author, this raises the presumption, if not expressly outlined in a contract of beneficial entitlement to the copyright by the commissioner. The circumstances and factors involved in the commissioning arrangement, she said, can amount to an implied term/agreement that the commissioner and not the author is the first owner of the copyright of the work so commissioned. This, counsel submitted, is what is borne out by the evidence in this case.

[34] Counsel relied on the cases **SIG Bergesen DY & Co. et al v Mobil Shipping and Transportation Co (The Berge Sund)** [1993] 2 Lloyd's Rep 453; **Sterling Engineering Co Ltd v Patchett** [1955] AC 534; and **Eagle Star Life Assurance Co Ltd v Griggs and Miles** [1998] 1 Lloyd's Rep 256 in submitting that a term implied in law can generally be excluded by an agreement to the contrary. The Copyright Act, she said, does not define agreement. Accordingly, it must be given its natural meaning. An agreement, she submitted, may be oral or written, expressed or implied. Reference was made to the text *Cheshire, Fifoot & Furmston's Law of Contract*, 15<sup>th</sup> edition, page 172 in which the learned authors stated that by " the terms which the parties have expressly adopted, there may be others imported into the contract from its context.



These implications may be derived from custom or they may rest upon statute or they may be inferred by the judges to reinforce the language of the parties and realize their manifest intention”.

[35] Counsel further submitted that the general principle of law as it relates to implied terms in an agreement is stated by Bowen LJ in the case **The Moorcock** [1884] 14 PD 64 at 68 that “it will be found that in all of them the law is raising an implication from the presumed intention of the parties with the object of giving to the transaction such efficacy as both parties must have intended that at all events it should have”. Reference was also made to **Banco de Portugal v Waterlow & Sons** [1932] AC 452 in support of her submission. Therefore, she submitted, the court will not imply a term unless compelled to do so in order to give effect to the intention of the parties since, as set out by the learned authors of *Chitty on Contracts* (1968) Vol 1, 23<sup>rd</sup> edition, paragraph 693, page 314, “[t]he general presumption is that the parties have expressed every material term which they intended should govern their agreement, whether oral or in writing”. For this, counsel also placed reliance on **Luxor (Eastbourne) Ltd v Cooper** (1941) AC 108 at 137, *Chitty on Contracts*, paragraph 694 and the decision of the Privy Council in an appeal from the Court of Appeal of Belize in **Attorney General of Belize & Ors v Belize Telecom Limited & Anor**, [2009] UKPC 10 delivered 18 March 2009, paragraphs 16-27, in which the Board had to consider the question of the construction of the Articles of Association of Belize Telecommunications Limited and to see whether it was necessary to imply a term dealing with matters not expressly provided for in the Articles of Association. Counsel

submitted that although the facts in the **Belize** case concerned the interpretation of a written document, unlike what obtains in the instant case where there was no written agreement between Paymaster and the second respondent, the decision is nonetheless relevant for its guidance on the issue of implied terms to be imputed in a contract, written or otherwise, and how this is to be approached by the court.

[35] Mrs Kitson also submitted that the cases **Robin Ray v Classic FM Plc** [1998] 25 FSR 622 and **Griggs Group Ltd v Evans** [2005] FSR 31, cited by the learned trial judge in his judgment, aptly set out circumstances in which a term to assign copyright is likely to be implied on the facts of this case to include where the work was made specifically for Paymaster's business; solely at its expense and neither party could have contemplated that the author of the software would have any genuine use for it himself. This is particularly applicable, she argued, in circumstances in which the cost of research and development was paid for by Paymaster. Paymaster would need to be able to enforce its right against third parties. The second respondent worked as part of a team and the work was a derivative of the specifications provided by Paymaster. In such circumstances, she submitted, the question would be whether it could sensibly have been intended that the second respondent should retain the copyright. She further submitted that on a proper assessment of the facts, the same militated against a finding that the second respondent was to retain the copyright in the software and consequently, that Paymaster was only to have a non-exclusive license in the Paymaster software which was made specifically for the use, purpose and development

of the business and operations of Paymaster and tailored to its specific needs and demands.

[37] Counsel submitted that the ownership by the second respondent of Paymaster's software which was populated with Paymaster's proprietary information, according to the expert report of Dr Patrick Dallas, and was in essence a blue print of Paymaster's business plan would make no sense. She contended that given the uncontested evidence of the immense expense undertaken by Paymaster in developing the software, coupled with the specificity for which it was developed, there can be little doubt that a term to assign the copyright to Paymaster is to be implied in the circumstances. Mrs Kitson further submitted that on the evidence, it had been firmly established that there were two programmes involved in Paymaster's and the second respondent's contractual arrangements. First, the modified CSSREMIT programme of which the base programme was licensed to Paymaster and specifications designed by Dr McNaughton for Paymaster and converted into machine readable language by the second respondent and second, the new head office programme with specifications designed by Dr McNaughton for Paymaster and to be created specifically for Paymaster and converted into machine readable language by the second respondent for Paymaster.

[38] The evidence, she said, taken as a whole, was conclusively in proof of the commissioning of the second respondent by Paymaster to provide a modified front office programme and a new back/head office programme for Paymaster. When a person is specifically commissioned to write a programme for a fee, and to meet the

specific requirements of the person who engages him, the clear implication is that the programme will be the property of the person who engaged him, she argued.

[39] It was submitted that in the circumstances in which the second respondent was engaged and commissioned to write a software programme specifically for Paymaster, was paid the amount he charged for doing so and Paymaster expended effort and money in its completion, testing, debugging and verification, there is a clear implied agreement against the second respondent being the owner. It does not accord with business efficacy that Paymaster having solely expended these sums, the second respondent could simply, upon completion of the software, be able to sell, license or otherwise part with it as he pleased without the knowledge or consent of Paymaster. If he is allowed to do so, he would be doubly compensated, counsel submitted. Accordingly, the second respondent not having contributed to the financial burden of the research and the development of the Paymaster multi-payment software would be unjustly enriched, to the exclusion of Paymaster. Such a result, counsel submitted, would be absurd and a reasonable man would not have understood the contractual relationship between the parties to be of such an effect. It is repugnant to business efficacy and is thereby inequitable.

**(b) By limiting his appreciation of the appellant's claim to that of the issue of the commissioning of the task to the second respondent the learned trial judge failed to assess the additional evidence which supported the appellant's claim (Grounds 3 & 4).**

[40] With regard to grounds 3 and 4, counsel submitted that these grounds are premised on the basis that the learned trial judge confined his determination as to ownership of the copyright on whether the second respondent was commissioned to write the programme but he failed to take into account Paymaster's submission that the terms of the contract between the parties are what gave rise to the issue of ownership of the copyright.

[41] The terms of the contract, it was argued, were, *inter alia*, that the second respondent used copyrighted material belonging to Paymaster when creating the Paymaster multi-payment software, in that, Dr McNaughton and Ms Marks provided clearly expressed and developed ideas and requirement specifications by way of a document named Paymaster Collections Network; Architecture and Operations which, according to Dr McNaughton at paragraphs 4-8 of his affidavit dated 25 August 2000, specified the structure and operations of the Paymaster Collection Network and the underlying hardware and software components necessary to support its operations. Given the evidence, counsel submitted, the learned trial judge should have found that Paymaster owned the copyright in the software.

[42] In response to the issues raised in grounds 1-4 & 6, Mr Hylton for GKRS, outlined Paymaster's contention that the learned trial judge erred in his determination of whether a term could be implied into the agreement between the parties so as to make Paymaster the owner of the copyright in the software and said that a reading of the paragraphs in the learned trial judge's judgment on this question is instructive. After a

comprehensive review of the submissions made by counsel for Paymaster and the findings of the learned trial judge, Queen's Counsel submitted that Paymaster relied on the same facts and submissions as it did in the court below and it is clear that the learned trial judge carefully considered those submissions. Counsel argued that having considered the law in relation to the issue of implied terms as to ownership of copyright, the learned trial judge was correct in rejecting Paymaster's submissions and found as he did that there was no proper basis on which to imply such a term and accordingly the second respondent is the owner of the copyright in the software.

[43] Counsel further submitted that paragraph 4.3.29 of Paymaster's closing submissions at trial with respect to the ownership in the copyright in the software forms the basis for ground of appeal 4 as well as the suggestion in grounds 1-3 that the learned trial judge incorrectly limited Paymaster's case on this point to the fact that Paymaster provided the second respondent with the requirements for the software and specifically commissioned him to write it for Paymaster's needs, investing significant time, money and resources in its development and as such failed to consider all the relevant facts and circumstances. It is clear from the reading of paragraph 4.3.29, that Paymaster seeks to suggest that the second respondent was commissioned to write the programme and that the evidence before the court was accordingly in favour of an implied agreement that Paymaster was the owner of the copyright in the software. This suggestion counsel submitted, does not introduce any new or additional submissions or factors for consideration. These submissions, he argued, were considered and properly

rejected by the learned trial judge as not being a proper basis for implying ownership of the copyright having regard to the law and the facts.

[44] Counsel further argued that GKRS disputes Paymaster's suggestion that the principles relating to implied terms on which the learned trial judge relied were "essentially directed at the cases in which there were written contracts" and submitted that the principles relied upon by the learned trial judge were of general application and were not confined to cases in which there were written contracts as contended by Paymaster. There is nothing in the case **The Moorcock** to show that the contract in question was in fact a written one and while **Robin Ray v Classic FM Plc** involved a written consultancy agreement there is nothing in the judgment which limits the principles being relied upon to written agreements, counsel submitted. He also submitted that the agreement in **R Griggs Group v Evans** was not a detailed written contract but consisted of the respondent's letter of employment to an advertising agency commissioned by the appellant to produce the protected work, along with an order from the advertising agency to the respondent to do the work and an invoice from him for his fees for doing it. All the other authorities referred to by the learned trial judge in formulating the principles, on which he relied, in determining the question of whether a term could properly be implied giving Paymaster ownership of the copyright in the software are similarly of general application and not limited in their application only to cases in which there are written contracts as erroneously suggested by Paymaster.

- (c) The failure of the judge to find that copyright in the additional functionalities in the CSSREMIT programme were the property of Paymaster and so the second respondent was not entitled to licence the entire programme to third parties especially bearing in mind his own prior acknowledgment of copyright in those functionalities in Paymaster, particularly when in doing so it is unchallenged that he provided confidential information in relation to Paymaster's operations and clients, wholesale to the first respondent (Grounds 5 and 7).**

[45] Mrs Kitson submitted that the foundation of these grounds is the premise that although the second respondent owned the CSSREMIT, to the extent that it was modified to incorporate the additional functionalities requested, developed and designed by Paymaster, copyright in the designs, specifications and detailed descriptions underlying the functionalities vested in Paymaster and therefore the second respondent could not grant a licence to GKRS or any third party without Paymaster's consent.

[46] Counsel further submitted that on the evidence, it is clear that the additional functionalities vested in Paymaster. This is clear, she argued, from the fact that at a meeting of 21 June 2000, at which a draft service agreement had been given to the second respondent for discussion, he requested certain amendments to be made and proposed that in relation to the issue of intellectual property, the ownership of Paymaster should relate to "The Functionalities requested by Paymaster" instead of "The Paymaster Remit System," thereby acknowledging that copyright in the additional functionalities belonged to Paymaster.



[47] It is clear, counsel also submitted, that the resulting Paymaster software system was an entirely different work than the CSSREMIT system and comprised, in part, of Paymaster's copyright in the designs, specifications and detailed descriptions underlying the additional functionalities in the CSSREMIT and the head office programme in respect of which copyright is claimed by Paymaster. Therefore, the second respondent was not entitled to full ownership and the owner of one part of the programme cannot licence the entire programme without the consent of the owner of the other part. For these submissions counsel relied on the case of **Re Accounting Systems 2000 (Developments) Pty Limited & Anor v CCH Australia Limited & Ors** [1993] FCA 265 (3 June 1993).

[48] Counsel contended that the second respondent, in licencing the entire software programme to GKRS without the permission and or consent of Paymaster acted contrary and in detriment of the equitable and proprietary interest of Paymaster. The final product, she argued, now values far more than the CSSREMIT programme having incorporated the additional functionalities. Counsel contended that if the circumstances were different, that is, the second respondent had no contractual obligations or obligations of confidence to Paymaster, nothing would have been wrong if the second respondent used the technical "know-how", he acquired from writing the Paymaster software to build a similar system for GKRS so long as he built it from his CSSREMIT base, used GKRS specifications and instructions and did not directly or indirectly copy the Paymaster software.

[49] It was certainly unethical, counsel submitted, and a breach of Paymaster's copyright for the second respondent to, as it were, simply "handover" Paymaster's programme with all its data built up from six years of work and operation to a third party without authorization. In the circumstances, the learned trial judge ought to have decided on an implied or beneficial assignment of copyright in favour of Paymaster and thus find the second respondent in breach of Paymaster's copyright.

[50] In response, Mr Hylton submitted that GKRS disputes the assertion that there was clear evidence that at least Paymaster was intended to own the additional functionalities requested by it. The only evidence, relied on at the trial, counsel contended, were the alleged minutes and copies of two drafts of the agreement and not on what allegedly took place at a meeting with the second respondent as alleged by Paymaster. Counsel submitted that it is not at all clear or even apparent from a perusal of these documents that Paymaster was intended to own the additional functionalities requested by it.

[51] In any event, counsel argued, even if these documents did establish an intention for Paymaster to own the additional functionalities; such an intention would have been at the time of the negotiation of the service agreement. Accordingly, the draft service agreement which was allegedly the subject of discussion at the meeting on 21 June 2000 was never concluded and so cannot be relied upon as an agreement in which an implied term as to ownership of the copyright could be construed.

[52] In the circumstances, even if the learned trial judge had found on the basis of the evidence being referred to, that Paymaster was intended to own the additional functionalities, such a finding would not have provided any basis for implying a term that Paymaster was to own the said copyright as such an intention could only be referable to the draft uncompleted service agreement and not to the agreement in relation to the writing of the software, counsel submitted.

**(d) The erroneous finding of the learned trial judge that the second respondent did not use specifications and information supplied by Paymaster to write the programmes; that the custom in the trade was that the second respondent would keep copyright in his programme and licence it; and his erroneous findings in relation to the source code (Grounds 8, 9 and 10).**

### **Ground 8**

[53] Mrs Kitson submitted that contrary to the learned trial judge's finding that the second respondent did not use any copyrighted material belonging to Paymaster when creating the Paymaster multi-payment software, Dr McNaughton and Ms Marks did indeed provide design and requirement specifications to him for the writing of the programme. These specifications, she argued, went beyond basic "instructions" that any programmer would need in order to write a specific programme. This was confirmed by Dr McNaughton, she said, at paragraphs 4–8 of his affidavit dated 25 August 2000 where he stated, inter alia, that "by February 1995, I had developed a document named Paymaster Collections Network: Architecture and Operations which specified the structure and operations of the Paymaster collections network and the underlying hardware and software components necessary to support its operations ...".

[54] Counsel submitted that this evidence supports Paymaster's contention that the fact that Dr McNaughton in conjunction with Ms Marks had developed a document outlining the architecture, operations and structure of the Paymaster collections network which formed the specifications given to the second respondent brings it within the circumstances set out in the case of **Ray v Classic FM Plc**, in which it was held that the assignment of a copyright may be implied where the contractor creates a work which is a derivative from a pre-existing work of a client. Counsel also relied on the text *Copinger et al*, volume 1, 14<sup>th</sup> edition, paragraph 5-170, pages 302-3 in submitting that when the maker may have made use of underlying works supplied and owned by the commissioner, such as preliminary drafts or sketches so that the commissioned work could not be used by the maker without infringing the copyright, the fact that the maker was engaged in internal discussions and consultations about the project and the implementation of it, fit within the circumstances which also support such an implication.

[55] Additionally, based on the fact that Paymaster's name was disclosed on the software and materials which GKRS received from the second respondent, counsel's argument is that it ought to be presumed that the copyright belongs to Paymaster. She further submitted that the learned trial judge ignored the legal presumption of ownership outlined in sections 44(1) and 45(4)(a) of the Act.

[56] Mr Hylton in response, submitted that none of the alleged confidential information and copyright material belonging to Paymaster and which the second

respondent is alleged to have used was in fact copyright material or even material capable of copyright protection under the Act. Copyright, he submitted, is a property right which is entirely statutory and shall not subsist in any work unless it satisfies the requirements of the Act.

[57] Referring to section 6(8) of the Act, counsel submitted that it is a fundamental principle of copyright law that copyright protection does not extend to ideas or concept; but only to the form in which ideas or concepts are expressed. Therefore, the fact that Paymaster may have conceived the idea of a software which could collect more than one utility bill is irrelevant to copyright, he argued, and is, by itself, no foundation for a claim to copyright in the software. Counsel further submitted that it is in the computer programme itself, and not in the ideas or design, that copyright under the Act subsists and the first owner of such copyright is the creator of the programme. Counsel submitted that there is no basis on which the learned trial judge's findings, which are supported by the evidence adduced at trial, that the second respondent was not required to use or did not use any copyright material belonging to Paymaster while creating the software, can properly be contested. Accordingly, he argued, the learned trial judge was correct in finding as he did.

## **Ground 9**

[58] Counsel for Paymaster submitted that there was not one shred of evidence led in relation to custom in the trade to the effect that the second respondent would be

permitted to retain copyright in the software and licence it to his client as he pleased. The evidence suggests otherwise, she submitted.

[59] Counsel submitted that prior to the coming into force of Jamaica's Copyright Act of 1993, computer programmes were not recognized as copyright subject-matter under Jamaican law. The first time they were afforded specific copyright protection in Jamaica was as at the appointed day, 1 September 1993. Internationally, the recognition of computer programmes as copyright subject-matter only began to take shape in the 1980's. The United Kingdom's first treatment of computer programmes as copyright was by virtue of its Copyright (Computer Software) Amendment Act 1985, which made copyright protection retroactive. The UK's 1988 Act expressly provides copyright protection for computer programmes as literary works. However, Jamaica's Copyright Act 1993 did not give copyright protection for computer programmes retroactive effect. Incidentally, counsel argued, the learned trial judge mistakenly referred to the "Copyright Act of 1988" when referring to Jamaica's Act.

[60] GKRS's response is that while there may not have been any direct evidence to support this statement by the learned trial judge, there was certainly no evidence to the contrary, as alleged by Paymaster. At worst, counsel submitted, this statement should be disregarded. He further submitted that in order to assess what weight is to be given to it, one must consider the context in which the statement was made.

[61] The learned trial judge identified, at paragraphs 57-65 of his judgment, six reasons why a term should not be implied and the observation about the custom in the

trade was only one of the six, counsel contended. Therefore, he argued, there was more than enough evidence to support the learned trial judge's finding in relation to the implied term without this item.

### **Ground 10**

[62] Mrs Kitson for Paymaster submitted that the learned trial judge ought to have found as a fact, on the evidence, that the issue of the ownership of the source codes only arose after the dispute between the second respondent and Ms Marks in 1998, as to payment of monies allegedly owed by Paymaster, emerged, which consequently led to the second respondent disconnecting the entire software system. Prior to that date, the issue of ownership was non-existent and unimportant because the second respondent was solely responsible for the maintenance and upkeep of the software and logically, he was the technician who possessed the source codes, counsel submitted. In the circumstances, counsel argued, this cannot in any way strengthen the second respondent's assertion of ownership as the learned trial judge sought to do.

[63] She further submitted that the learned trial judge erred when he placed specific emphasis on the ownership of the source codes as well as the presence of the name CSSREMIT, once both pieces of the software were opened, without treating with the fact that Paymaster's name also came up when the programme was opened. Additionally, he ignored and did not at all treat with neither did he say why he rejected, the expert evidence of Dr Patrick Dallas "that there is no carte blanche accepted concept in the software industry that the person who happens to be in possession of

the source code is the owner of the software". Counsel relied on the case **Re B (A Child) (Split Hearings: Jurisdiction)** [2001] 1 WLR 790, in submitting that while a court is certainly at liberty to reject expert evidence, it must give cogent reasons for doing so.

[64] Paymaster's position is that although the second respondent specifically relied on his possession of the source codes, this ought to have been discarded by the learned trial judge. Instead, she submitted, the learned trial judge inexplicably relied on it to hold that he is the sole owner of the copyright. Of note, counsel said, is the fact that the expert called by the second respondent did not, in any of his evidence, state that in the software industry, the possession of the source codes is indicative of ownership of the copyright. It was further submitted that there is no legal principle that ownership of the source codes amounts to ownership of the copyright in a computer programme. This was an error in law by the learned trial judge and ought not to have been given the legal weight placed on it by him but at the very least he ought to have found that both the second respondent and Paymaster jointly owned the copyright in the software.

[65] In response, Mr Hylton submitted that this ground of appeal and submissions of Paymaster are plainly misconceived. The learned trial judge did recognize and take into account the fact that the ownership question was only raised after the dispute started. Reference was made to paragraphs 64-65 of his judgment. Counsel stated that counsel for Paymaster selectively quoted from the evidence and cited testimony that the learned trial judge did not accept and submitted that the real issue is the ownership of the



source codes and not just why Paymaster only claimed ownership of them after the commencement of the claim.

[66] It is clear from the evidence, he said, that the second respondent never provided Paymaster with the source codes for either the base CSSREMIT programme or the Paymaster multi-payment software. Additionally, throughout the proceedings Paymaster was unable to dispel the second respondent's evidence that he never provided it with the source codes, despite its allegations that it had retrieved same. It is upon this undisputable fact that the learned trial judge relied as one of the bases for his finding that the circumstances of the case did not support Paymaster's belated claim of an implied agreement for an assignment to it of the copyright in the software by the second respondent, it was argued.

**(e) The finding that there was no evidence that the first respondent used the appellant's business plan (Ground 11).**

[67] In challenging the learned trial judge's reasoning and findings, Paymaster submitted that although he correctly found that GKRS was under an obligation of confidence in relation to Paymaster's business plan, the learned trial judge went on to incorrectly hold that GKRS did not use the business plan. This, he did, counsel argued, notwithstanding the fact that there was uncontradicted evidence that important material and information belonging to Paymaster was transferred to GKRS by the second respondent and that GKRS was able, within one day, to establish the multi-payment business plan which would have taken several years to design and develop.

[68] Counsel relied on the cases **Seager v Copydex** [1967] 2 All ER 415; **Interfirm Comparison (Australia) Pty Ltd v Law Society of New South Wales** [1977] 1 RPC 137; **Grains Jamaica Ltd v Peppersource Ltd** - SCCA No 87/1999, delivered 30 July 2004; **Admar Computers Pty Ltd v Ezy Systems Pty Ltd & Ors** [1997] FCA 853 (29 August 1997) in submitting that GKRS, having been in receipt of Paymaster's business plan and having obtained a software programme with Paymaster's name clearly stated thereon, was under an obligation not to use the information or software.

[69] Mrs Kitson then submitted that the doctrine of confidence recognizes that even if the owner of valuable information fails to take the precaution of extracting a non-disclosure agreement from the person to whom he imparts it, he may still prevent its disclosure or use by another person, provided it is confidential and was communicated in circumstances which give rise to an obligation of confidence. It cannot be doubted, learned counsel said, that when GKRS received the business plan in 1996 and 1998, it was done in contemplation of a contractual relationship. Also, she contended, Paymaster's information was imparted to the second respondent in a contractual relationship and in circumstances of confidence. Paymaster satisfied the requirement of proving that the information is identifiable and traceable to itself as the owner, accordingly, the learned trial judge ought to have held that there was ample evidence to show that GKRS used Paymaster's business plan and software to develop their multi-payment business, she submitted.

[70] Mr Hylton submitted in response that the evidence did not disclose and the learned trial judge did not find that any important material and information belonging to Paymaster was transferred to GKRS by the second respondent. In any event, he argued, what is beyond dispute is that there was no evidence adduced at the trial to prove that GKRS used Paymaster's business plan. However, GKRS adduced credible and convincing evidence at the trial that it did not use the business plan of Paymaster in developing its own bill payment business, but instead relied on its own research and business plan. This the learned trial judge accepted, he submitted.

[71] Additionally, if it were accepted by the learned trial judge that Paymaster had adduced evidence at the trial that such material and information was transferred to GKRS by the second respondent, this could not have affected his decision in relation to the claim for breach of confidence because Paymaster's breach of confidence claim against GKRS is not based on an allegation that GKRS received confidential information from the second respondent, but that it received Paymaster's business plan in confidence and used it, counsel argued.

[72] With respect to the submission by Paymaster that GKRS was able, within one day, to establish the multi-payment business plan which had taken years to be designed and developed and which GKRS had previously failed to develop and implement, counsel submitted that what is clear is that the learned trial judge made a finding of fact that "GKRS conducted their own independent research and made their own plans prior to starting Bill Express". Accordingly, even if there was any evidence to the effect

that Paymaster alleges, the learned trial judge as the arbiter of fact, having considered all the evidence before him, determined that, on a balance of probabilities, the evidence established that GKRS relied on its own research and planning in developing its own payment business.

[73] Referring to the cases of **Watt or Thomas v Thomas** [1947] AC 484 at 487 and **Industrial Chemical Company Jamaica Limited v Owen Ellis** [1986] 23 JLR 35, it was submitted that there is no proper basis on which this court can be invited, in conflict with the well established authorities, to disturb the learned trial judge's findings on this point.

**(f) The finding that as Lowe [the second respondent] owned the copyright, the claim for breach of contract and inducing breach must fail without treating at all with the issues of breach of confidence (Ground 12).**

[74] Learned counsel for the appellant submitted that the second respondent, having worked and consulted with Dr McNaughton and Ms Marks, was aware of Paymaster's plan and objectives and had all the information with respect to its head office programme and data and had become more involved in Paymaster's operations, he having been contracted to service it. The second respondent not only sent the full software programme to GKRS, counsel argued, but imparted Paymaster's confidential information to them. Counsel submitted further that in his evidence given under cross examination, the second respondent admitted that he was disclosing information about Paymaster's clients but incredibly claimed that he did not realize he was doing so.

[75] It cannot be doubted, counsel argued, that when GKRS received the business plan in 1996 and 1998, it was done in contemplation of a contractual relationship and, in relation to the second respondent, all of Paymaster's information was imparted to him in a contractual relationship as subsisted between the second respondent and Paymaster and in circumstances of confidence. Reference was made to the case **Saltman Engineering Co Ltd & Ors v Campbell Engineering Co** [1963] 3 All ER 413, in which Lord Greene MR at page 415 stated "[t]he information, to be confidential, must, I apprehend, apart from contract, have the necessary quality of confidence about it, namely, it must not be something which is public property and public knowledge". Even without it being established that the copyright in the head office programme is the property of Paymaster, there was a clear infringement of this right by the second respondent in passing this information to GKRS, it was submitted. The second respondent's expert, counsel said, agreed that the programme divulged and given to GKRS is substantially the same as Paymaster's.

[76] The law on the protection of confidential information depends on the broad principle of equity that, he who has received information in confidence must not take unfair advantage of it. It would be unconscionable, counsel said, for the second respondent to disclose confidential information for his advantage and monetary gain.

[77] Counsel submitted that GKRS' case was opened on the basis that Mr Goldson would give evidence with respect to the facts in relation to inducing breach of contract and breach of confidence. However, it is significant, counsel argued, that although Mr

Goldson stated that the arrangements with the second respondent were made by Jason Cooke and there is evidence that Cooke conducted the correspondence with the second respondent as well as filed an affidavit in the proceedings, GKRS did not call him as a witness. GKRS, she submitted, therefore failed to adduce any evidence that they had acted with reasonable care or done the due diligence which they alleged to have done.

[78] Counsel argued that no explanation had been tendered as to why the arrangements with the second respondent were proceeded with when Paymaster's name, trademark and important confidential information were disclosed on the software and materials received. Although the second respondent sought to claim that it licensed a different programme to GKRS, his expert's evidence completely contradicts that assertion. The only reasonable inference, she submitted, is that GKRS deliberately sought to acquire Paymaster's software, having already obtained access to its business plan which made it clear that the creation of special software was essential and was being undertaken with the assistance of the second respondent.

[79] Accordingly, Paymaster submitted that GKRS, with knowledge of Paymaster's business plan and of the second respondent's position at Paymaster, used the information to induce him to sell or licence to them Paymaster's property. Counsel relied on the case **Daily Mirror Newspapers Ltd v Gardener & Ors** [1968] 2 All ER 163, in submitting that "it is unlawful to interfere with contractual relations recognized by law if there is no sufficient justification for the interference". Based on the foregoing, counsel submitted that it is patent from all of the evidence that both GKRS

and the second respondent acted in breach of confidence, in that, the second respondent breached his contract and GKRS induced that breach of contract and consequential damages to Paymaster ought to flow. The learned trial judge erred, she argued, in finding to the contrary.

[80] Mr Hylton submitted that the learned trial judge's finding that the causes of action for breach of contract and inducing breach of contract could not succeed because the second respondent is the owner of the software and is entitled to licence it to other persons, cannot be resisted. Counsel directed the court's attention to the judge's finding at paragraph [104] of his judgment and submitted that his conclusion is inescapable. If the second respondent is the owner of the copyright in the software, and is entitled to licence it to third parties as he wishes, then by accepting a licence of the software from the second respondent, GKRS would not have induced him to breach any contract with Paymaster, counsel argued.

[81] Mr Hylton further submitted that it is clear from paragraph 18 of Paymaster's statement of claim that Paymaster's submission that there was clear evidence that the second respondent communicated confidential information belonging to Paymaster to GKRS, sought to make Paymaster's claim for inducing breach of contract wider than its pleaded claim, which was limited to inducing a breach of the second respondent's contract with Paymaster by paying him to sell and/or licence the software to GKRS. In the circumstances, even if the submission was correct this would make no difference to Paymaster's inducing breach of contract claim, said counsel, as the determination of

that claim is limited to whether the second respondent or Paymaster was the owner of the copyright and, as such, whether or not in licensing the software to GKRS, the second respondent breached his contract with Paymaster. Since the learned trial judge correctly found that the second respondent is the owner of the software the claim for inducing breach of contract cannot succeed, submitted counsel.

**(g) The findings are against the weight of the evidence (Ground 13).**

[82] In respect of this ground, counsel for Paymaster was content to rely on the submissions made in respect of the other grounds of appeal.

[83] Mr Hylton however, submitted that GKRS disputes the suggestion that the findings of the learned trial judge are against the weight of the evidence. He contended that the said findings are in accordance with and supported by the evidence. In opposing the appeal, GKRS wishes to rely on its written closing submissions in the court below in addition to the submissions made in relation to the grounds of appeal, counsel submitted.

**Submissions by the second respondent**

[84] Mr Chen for the second respondent adopted the submissions made, on all issues, by counsel for GKRS. By way of supplemental submissions, he submitted that in relation to the issue of the ownership of the copyright in the software, at the heart of the appeal is the question of the ownership of a computer programme, which is referred to as "Paymaster software". He submitted that the learned trial judge was right in concluding that the ownership of the copyright in the "disputed computer programme"



belonged to the second respondent. The learned trial judge had before him a simple set of facts emanating from Paymaster's witnesses, which put the issue of whether Paymaster had provided any material capable of copyright beyond doubt. In particular, what Ms Marks referred to as her script is nothing more than a general description of business functions that she wished the software to undertake, which amounted to a mere idea, he submitted. Against the admitted facts, the learned trial judge correctly applied the law, he argued.

[85] The learned trial judge was correct in stating that there is no dispute that the second respondent is the author of the software and would, by section 22 of the Act, be entitled to ownership of the copyright, counsel submitted. Against this background, the learned trial judge correctly applied the principles as to implied terms to the facts which he identified in his judgment. It was the only reasonable conclusion which he could have reached, counsel contended.

[86] In relation to grounds 1-4, he submitted that there is no room for an implied term as the evidence given by Paymaster's witnesses clearly established that it was after the Paymaster software was adjusted and satisfied the business requirements of Paymaster that it was then licensed to it. Counsel submitted further that the charges for adjustment to the programme relate to a period subsequent to the commencement of user in 1997. The suggestion that payment for the development of the software relates to some implied agreement to have ownership of the copyright is misconceived.

[87] In relation to ground 9, counsel submitted that there was evidence from which the learned trial judge could reasonably conclude that there was such a custom. He submitted that the evidence of the second respondent was that he retained the source codes and that no adjustments could be made to the software without the codes. This is the means by which ownership and control of the programme is retained by the second respondent. He argued that in this trade it is accepted that the appearance of the "CSSREMIT" on the computer screen represents the signature of the author of the work. In light of the evidence, the finding that the customary inference in the trade would be for the second respondent to retain copyright in the software was correct, he submitted.

### **Submissions on counter-notice of appeal**

#### **For the first respondent, GKRS**

[88] Mr Hylton submitted that in the action brought by Paymaster, Paymaster claimed against both respondents for, among other things, damages for breach of copyright in a software programme which Paymaster alleged belonged to it. Paymaster based its claim to ownership of the software entirely on its allegation that it was the author and creator of the software in question. Counsel argued that there was no pleading by Paymaster in any of its statements of case filed in the action of any agreement with the second respondent or anyone else which would displace the statutory attribution of first ownership of copyright to the author of the protected work under section 22 (1) of the Act.

[89] Counsel referred to section 22 (1) of the Act which provides that the author of a protected work is the first owner of any copyright in that work and submitted that this is to be contrasted with the position under the equivalent legislation in the United Kingdom. Counsel stated that under the latter statute where a literary or other protected work is made by an employee in the course of his employment, the employer is the first owner of the copyright unless there is agreement to the contrary, and this had been the position under the previous Jamaican Act. It was submitted that under the current Copyright Act of Jamaica, an employer has no prima facie right to copyright in a literary or protected work created by his employee in the course of his employment and a *fortiori*, a person who engages an independent contractor has no such prima facie right. The employer or the person engaging the independent contractor must show an agreement with the author of the work that that employer or the person engaging the independent contractor would be the first owner instead of the creator of that work.

[90] Counsel referred to section 22 (3) of the Act which provides for co-ownership where there is joint authorship and submitted that no question of joint authorship arose for consideration in this case as neither Paymaster nor the second respondent had claimed this and the evidence would not in any event have satisfied the definition of a work of joint authorship as defined in section 2. The only exception to the statutory attribution of first ownership of copyright to the author, apart from those mentioned in section 22 (2) is where there is an "agreement to the contrary". Counsel stated that it

was during its closing submissions at the trial Paymaster alleged for the first time that it was the owner of the copyright.

[91] Counsel submitted further that whether the rules of pleadings which applied to Paymaster's statement of claim were those under the Civil Procedure Code, which were the applicable rules at the time, or those under the current Civil Procedure Rules (CPR), the fundamental principle which applies is that a party must distinctly and clearly plead the case it is relying on and cannot advance a case, whether by way of claim or defence which it has not pleaded. For this submission, counsel relied on Jacob J's *Pleadings Principles and Practice (1990)* at pages 2-3, **McPhilemy v Times Newspaper** [1999] 3 All ER 775 and rule 8.9 (1) of the CPR.

[92] Counsel referred also to page 82 of *Pleadings Principles and Practice* where in relation to implied terms, it is stated that it is usual to state all the covenants or promises before alleging any of the breaches, although it is a matter of discretion and further that if any terms of the contract are alleged to be implied, particulars should be given of the facts and matters relied on as giving rise to the alleged implied terms. It was submitted that Paymaster failed to plead any allegation of an implied agreement with the second respondent assigning his ownership of the copyright to it, so as to alert any of the respondents that this was to be an issue to be tried at trial. Further, it was submitted, not only did Paymaster fail to plead the specific term it alleged was being implied, it also failed in its pleadings to give any particulars of the facts and matters to

be relied on as giving rise to the alleged implied term, which particulars must be stated. The learned trial judge, it was argued, failed to recognize these principles.

[93] Counsel referred to the pleadings by Paymaster and submitted that there was no pleading of an agreement with the second respondent or anyone else that would displace the second respondent's ownership of the copyright in the computer programme conferred on it by section 22 (1). Counsel submitted that from paragraph 5 of the pleadings, it was clear that Paymaster's claim to ownership was based upon its expenditure of funds to research, formulate, develop and fine-tune the computer programme. The agreement which Paymaster has pleaded in paragraph 6 did not relate to ownership of the copyright. Counsel also referred to Paymaster's pre-trial memorandum/statement of facts and issues where it stated that it was the holder of the copyright in the Paymaster multi-payment software programme, having been "the conceptualiser and designer of the architecture providing the specifications of the programme". Counsel also referred to Paymaster's reply to the defence and counterclaim of the second respondent in which it had pleaded that it is entitled to ownership of the copyright on the basis that it had been designed and scripted by Paymaster. It was submitted that Paymaster had clearly and distinctly taken the position that it was the author or creator of the software and that it therefore had the legal title to it. In the circumstances, it was argued, Paymaster's case on copyright should properly have turned entirely on whether, on the facts and law, it proved that it was.

[94] Counsel submitted that it was apparent from the learned trial judge's reasoning that he fell into error by confusing Paymaster's general allegation in its pleadings that there was an agreement of some kind between itself and the second respondent to develop the software, with the specific allegation being advanced in submissions at the trial for the first time that there was an implied term in the agreement between Paymaster and the second respondent that the copyright in the software in question would be the property of Paymaster. Counsel also submitted that the vital question to be determined was not whether the statement of claim stated the fact of an agreement between Paymaster and the second respondent for the development of the software for Paymaster's purpose, as was framed by the learned trial judge, but whether Paymaster had pleaded at all a term in any agreement with the second respondent that Paymaster would be the owner of the copyright in the software so as to displace the statutory attribution of first ownership of copyright to the author of the protected work under section 22 (1) of the Copyright Act. The learned trial judge, it was submitted, had failed to appreciate this distinction.

[95] Counsel further argued that the extract from *Bullen and Leake's Pleadings and Practice*, upon which the learned trial judge had relied, to the effect that "it is sufficient to allege the agreement as a fact and to refer generally to the letters, conversations or circumstances, without setting them out in detail" was unhelpful as it did not support the learned trial judge's conclusion because the relevant agreement was not "alleged as a fact" in Paymaster's pleadings. Counsel also referred to the learned trial judge's finding that in alleging that its "ownership of the copyright in the Paymaster multi-

payment software is based on having 'expended substantial funds in researching, formulating, developing and fine tuning the Paymaster computer program' ", Paymaster had referred generally and sufficiently to the circumstance giving rise to its ownership. He submitted that by this finding the learned trial judge had failed to appreciate that Paymaster's pleadings in relation to the bases for its claim to ownership of the copyright in the software cannot suffice as a pleading of circumstances giving rise to an implied term that the second respondent had assigned his ownership of the copyright to Paymaster. These, counsel argued, are in fact two different and indeed, in some cases, conflicting allegations. Counsel submitted that the learned trial judge's failure to appreciate this distinction had led him to the incorrect finding that "no further details or pleadings are required to raise the issue of an implied agreement between [the second respondent] and Paymaster for ownership of the Paymaster Multi-Payment Software".

**For the appellant, Paymaster**

[96] After making reference to GKRS' and the second respondent's counter notices challenging the learned trial judge's findings on the preliminary issue of whether Paymaster was entitled to claim ownership of the copyright in the software and whether there was no need for further details or pleading to raise the issue of an implied agreement in the ownership of the copyright in Paymaster's multi-payment software, learned Queen's Counsel submitted that the learned trial judge was entirely correct to so hold, in that, "[t]he vital question here is whether the Statement of Claim states the fact of an agreement between Paymaster and Paul Lowe for the development

of software for Paymaster's purposes. Secondly, whether reference has been made to circumstances generally from which an implication can reasonably be made by the court that the Paymaster Multi-Payment Software is owned by Paymaster".

[97] Learned Queen's Counsel submitted that at the time of the filing of the statement of claim, the Judicature (Civil Procedure Code) (the code) applied. Under its provisions, the first basic principle was that facts, not law, were to be pleaded. The second was that statements of fact and not evidence were to be pleaded. Specific reference was made to section 168 of the code. Referring to the case of **Samuels et al v Davis** (1993) 30 JLR 284, learned Queen's Counsel submitted that both the Jamaican and English courts applied these principles. Thus, it was argued, the inferences of law to be drawn from the pleaded facts need not be stated in the pleadings. Counsel also referred to and relied on **Shaw v Shaw** [1954] 2 QB 429 at 441, where it was held that where material facts are alleged, it is not necessary to plead an implied warranty. Referring to paragraphs 3-6 of the statement of claim, it was submitted that Paymaster's statement of claim contained material averments of facts to support its case that there is an implied agreement that the copyright to the head office software belongs to it.

[98] Counsel argued that in its submissions, GKRS made reference to Paymaster's summary of legal propositions and authorities filed in the court below but had failed to make any reference to paragraph 2 thereof which stated that Paymaster "contends that it secured the services of [the second respondent] to convert into machine readable



form, the specifications of the said computer program". In fact, counsel submitted, by virtue of the position taken by the other contracting party, the second respondent, that there was no separate Paymaster computer programme, there was no issue joined between Paymaster and the second respondent on the question of whether there was an implied agreement that the copyright in such a programme should be owned by Paymaster.

[99] Counsel submitted that in response to the allegations in Paymaster's pleadings GKRS could only plead that it "makes no admission to any of the matters specified in paragraphs 3, 4, 5 and 6 of the Statement of Claim". Obviously, it was argued, any question relating to an agreement between Paymaster and the second respondent is "*res inter alios acta*" on which GKRS in any event could advance no evidence. Counsel also submitted that the second respondent in his defence at paragraphs 3-6 denied the alleged agreement and the surrounding circumstances which led to the agreement coming into being, and stated his position in response, which was that all that he had done was to adjust the existing CSSREMIT software and that all the development and fine-tuning was done at his own cost and expense. In effect, counsel argued, the second respondent, being the other contracting party, denied any agreement, be it implied, oral and/or written, with Paymaster. The second respondent, in his pleading, having denied an agreement, had not suffered any prejudice regarding the learned trial judge's ruling on the preliminary issue relating to the implied agreement.

[100] Counsel submitted that it is clear from the pleadings that the allegation was that the second respondent was engaged to convert into computer language the instructions given to him. A company can only act through its officers and agents. If therefore the second respondent was contracted to write the software specifically for Paymaster at Paymaster's expense, it is quite proper and logical for Paymaster to claim that it created the multi-payment collection system software, it was submitted. In its summary of legal propositions filed in July 2008, Paymaster stated quite explicitly that it "secured the services of the second defendant to convert into machine readable form, the specifications of the said computer program". Additionally, Ms Marks in her affidavit filed on 25 August 2000, stated that Mr McNaughton recommended the second respondent as "the computer programmer to actually write the program from the Paymaster multi-payment system which had been created and scripted by Mr McNaughton on my instructions" and that this would require the programmer to convert the script written words to a computed language.

[101] Counsel submitted that since Paymaster's pleadings referred to an agreement with the second respondent and state the circumstances of Paymaster's involvement in the development of the software, no further particulars were necessary and could not normally have been required under the rules. To support this submission counsel relied on **Brogden v Metropolitan Rly** (1877) 2 AC 666 and **Hussey v Horne-Payne** (1879) 4 AC 311. In any event, it was argued, since the nature of the relationship between Paymaster and the second respondent was fully ventilated and set out in the affidavits filed in support of the application for an injunction, which later stood as the

witness statements, even if an amendment to the pleadings were necessary, this would have been granted. To bolster these submissions, counsel relied on **Springer & Arvin v Lalla** (1963) 7 WIR 325, **Thomas v Morrison** (1970) 12 JLR 203, **Colley v Pratt** 30 JLR 176 and **Blackman v Gibson** (1996) 53 WIR 75.

[102] It was also submitted that under the new rules, detailed witness statements (including affidavits) were filed which contained all the evidential material on which the appellant relied. Accordingly, where any requirements for particulars have been satisfied by the witness statements, the absence of particularization in the pleading is not material. Counsel relied on **Eastern Caribbean Flour Mills v Ormiston** Civ App No 12/2006, delivered 16 July 2006, **McPhilemy v Times Newspaper Ltd & Ors** [1999] EWCA Civ 1464, **Grace Kennedy Remittance Services Ltd v Paymaster (Jamaica) Ltd and Paul Lowe** SCCA No 5/2009, delivered 2 July 2009.

[103] Counsel submitted that there was no merit in the respondents' counter-notice of appeal because the learned trial judge correctly applied the principles of pleadings set out by the learned authors of *Bullen and Leake and Jacob's Precedents and Pleadings*, 12<sup>th</sup> edition, at page 345, in which it is stated that "where the agreement is to be implied from a series of letters or conversations, or from circumstances, it is sufficient to allege the agreement as a fact and to refer generally to the letters, conversations or circumstances without setting them out in detail".

[104] Accordingly, it was submitted, having regard to those principles, the statement of claim contained sufficient particulars of the averments to ground an allegation of an implied agreement and therefore the counter-notices should be dismissed.

### **Counter notice - Preliminary issue**

[105] The heart of Paymaster's claim is that by way of an oral contract, it was agreed between itself and the second respondent that he would licence his base CSSREMIT system to Paymaster and customize it to facilitate additional functionalities, supplied by Paymaster, to be superimposed on the CSSREMIT base for bill collection by way of a multi-payment system at Paymaster's front office and would write a new application for its head office. Therefore, it having provided the necessary "scripted words" of the "architectural plan of its computer programme" and expended vast amounts on the production of the software installed in the computer system, Paymaster is the owner of the copyright by virtue of an implied agreement between the second respondent and itself.

[106] Paymaster's statement of claim is silent as to an express allegation of an implied term in the agreement. However, at trial, during the closing submissions, the allegation was raised. As a general rule, all allegations on which a party relies must be pleaded. The learned authors in Jacob J's *Pleadings, Principles & Practice*, speaking to the object of pleadings, had this to say, at pages 2-3:

"The whole object of pleadings is to bring the parties to an issue, and the meaning of the rules of [Ord.18] was to prevent the issue being enlarged, which would prevent

either party from knowing when the cause came on for trial, what the real point to be discussed and decided was. In fact, the whole meaning of the system is to narrow the parties to definite issues, and thereby to diminish expense and delay...”

The learned authors, referring to terms in pleadings in contracts, at paragraphs [81] and [82], went on to say:

“[81] In all cases in actions founded on contract, the pleader should always state with full particulars the material facts relating to the contract, namely, the parties to the contract, its date and how it was made whether orally or in writing or under seal or how otherwise and, where necessary, the consideration.

[82] that it is usual to state the covenants and promises before alleging any of the breaches though this is a matter of discretion. If any terms of the contract are alleged to be implied particulars should be given of the facts and matters relied on as giving rise to the alleged implied terms.”

[107] It was contended for by Mr Hylton and Mr Chen that Paymaster, having failed to have pleaded an alleged implied term as to ownership in the software, ought not to have been permitted to have raised or relied upon it. Further, Mr Hylton submitted, the learned judge failed to appreciate the distinction between Paymaster’s general allegation of an agreement in its pleading and the specific allegation of an implied term put forward by Paymaster in its submissions. Therefore, Paymaster’s failure to plead that the ownership in the copyright in the software was assigned to Paymaster, shows that the learned judge’s reasoning is flawed, he argued.

[108] Mrs Kitson argued that at the time of the commencement of the claim, the Judicature (Civil Procedure Code ) Act applied and the law as it stood required facts to be pleaded but not law nor evidence and that the contents of the pleadings disclosed the facts upon which the implied term in the agreement was founded. She cited the case of **Shaw v Shaw** [1954] 2 QB 429 to support a submission that it is unnecessary to plead an implied warranty where material facts are alleged.

[109] In dealing with the issue of an implied term, the learned judge first made reference to paragraphs 1(a) of the amended writ of summons and 3-6 of the statement of claim. Following which, he stated that the critical questions were: whether the statement of claim contained facts of an agreement between Paymaster and the second respondent for the development of the software and whether there were general circumstances from which it could be reasonably implied that Paymaster's multi-payment software is owned by Paymaster. He quoted an extract from paragraph 82 of Jacob J's *Pleadings Principles and Practice* (which is cited at paragraph [106] above) in which the learned authors expressly dealt with implied terms in pleadings. He then went on, at paragraph [32] of his judgment, to say:

“Responding to the arguments of GKRS and Paul Lowe, Dr Lloyd Barnett and Denise Kitson (hereafter called Counsel for Paymaster) argue [sic] that at the time the Statement of Claim was filed the Civil Procedure Code applied and there was no requirement for further pleadings beyond what is set out in the Statement of Claim. Under those rules, facts and not law were to be pleaded.”

[110] In paragraph [33], the learned judge made reference to Paymaster's submission that its witness statements, affidavits and correspondence between Paymaster and the second respondent with respect to the costs of the development of the software bolstered the pleading in its claim of an implied term. At paragraph [34], he stated that the critical questions were whether the statement of claim refers to an agreement between the second respondent and itself for the development of a software to meet Paymaster's purposes and whether, in all the circumstances of this case the court can reasonably find that Paymaster is the owner of the software.

At paragraphs [35] to [36], he further said:

"[35] The learned authors of **Bullen and Leake and Jacob's Precedent and Pleadings 12<sup>th</sup> Ed.** at page 345 make the following point:

Where an action is brought upon an agreement not under seal, the Statement of Claim should show whether the agreement relied on is in writing or made by word of mouth or is to be implied or inferred from the conduct of the parties. ... In the case of an implied agreement the facts and circumstances from which the implication arises should be stated...Where the agreement is to be implied from a series of letters or conversations, or from circumstances, it is sufficient to allege the agreement as a fact, and to refer generally to the letters, conversations or circumstances without setting them out in detail. (my emphasis)

[36] This much is plain: From paragraphs 3 to 6 of Paymaster's Statement of Claim set out above, Paymaster has alleged an agreement as a fact with Paul Lowe to develop the Paymaster Multi-Payment software. I also accept that Paymaster, in alleging that their ownership of the copyright in the Paymaster Multi-Payment software is based on having 'expended

substantial funds in researching, formulating, developing and fine tuning the Paymaster computer program' has referred generally (and in my view sufficiently) to the circumstances giving rise to their ownership. In my judgment, therefore, no further details or pleading are required to raise the issue of an implied agreement between Paul Lowe and Paymaster for ownership of the Paymaster Multi-Payment software. The preliminary objection by GKRS and Paul Lowe against the raising by Paymaster of an implied agreement for the ownership of the Paymaster Multi-Payment Software must fail."

[111] It is a necessity that an implied term be pleaded in a claim where such term forms the subject matter of a contract. It is true that Paymaster's statement of claim contains no specific averment of an implied term of an agreement that Paymaster was the owner of the copyright in the software in the computer programme created by the second respondent. However, as argued by Mrs Kitson, the absence of particularization of all the facts upon which a claimant intends to rely in support of an implied agreement can be readily met and supplemented by recourse to relevant facts in the witness statement. In support of her argument, she made reference to the case of **Eastern Caribbean Flour Mills v Ormiston**. She also sought support in the case of **McPhilemy v Times Newspaper Ltd & Ors** which was cited with approval in this court in **Grace Kennedy Remittance v Paymaster (Jamaica) Ltd & Lowe**, in which it was held that if the requirements for particulars have not been satisfied in a claim, any deficiency in the pleadings may be compensated by the contents of witness statements.



[112] Further, in *Bullen and Leake*, an authority upon which the learned judge relied, the learned authors specified that the facts and circumstances from which an implication arises should be stated but where the contract is to be implied from a series of letters, conversation or circumstances, it is sufficient to allege the agreement as to fact and to refer generally to the letters, conversations or circumstances without setting them out.

[113] It was Paymaster's averment in its statement of claim that in the agreement between itself and the second respondent, the second respondent was employed as a technical consultant and was retained from January 1999 to August 2000 under a monthly contract for services. It was also pleaded that the second respondent was contracted to convert Paymaster's pre-existing works developed by Paymaster and Dr McNaughton into computer language and to maintain and upgrade the system. It was further averred that Paymaster purchased a licence from the second respondent for \$300,000.00 for the use of his CSSREMIT system as a foundation for the programme and expended vast sums towards research, the development and fine tuning of the programme as a consequence of which it owns the copyright in the Paymaster computer programme. Although the statement of claim did not make it clear that Paymaster would rely on an implied term as to ownership of the copyright in the computer programme, the nature of its claim is obvious. Further, the contents of the witness statements of Ms Marks, Paymaster's principal witness, alluding to the circumstances surrounding the development of the programme and the discussions between Paymaster and the second respondent, raise an allegation of an implied term

supplementing the deficiency in Paymaster's pleading as to an alleged assignment by the second respondent of the copyright in the computer programme to Paymaster. As a consequence, it could not be said that there would have been insufficient material from which an implied term as to the ownership of the software to Paymaster could be alleged.

### **Principles re implied terms**

[114] Before giving consideration to the grounds of appeal, at this juncture, it would be useful to treat with the law pertaining to the implication of a term or terms in a contract. The presumed intention of the parties to the contract is the most important consideration in determining the rights of the parties. As a general rule, it is presumed that it is the intention of parties to an agreement that they will submit to the substantial terms thereof. As a consequence, a term will not be implied unless it is clear that the parties had agreed to every term and, by their presumed intention, agreed to give effect to it.

[115] Over the years, the law has been authoritatively pronounced by various courts and authors. In the often cited classical case of **The Moorcock**, at page 68, the applicability of the law was expressed by Bowen LJ in the following terms:

"Now, an implied warranty, or, as it is called, a covenant in law, as distinguished from an express contract or express warranty, really is in all cases founded on the presumed intention of the parties, and upon reason. The implication which the law draws from what must obviously have been the intention of the parties, the law draws with the object of giving efficacy to the transaction and preventing such a failure of consideration as cannot have been within the

contemplation of either side; and I believe if one were to take all the cases, and they are many, of implied warranties or covenants in law, it will be found that in all of them the law is raising an implication from the presumed intention of the parties with the object of giving to the transaction such efficacy as both parties must have intended that at all events it should have."

[116] In *Chitty on Contract* Vol 1 23<sup>rd</sup> edition (1968), the learned authors speak to the question of the implication of a term in an agreement in this way, at paragraph 693:

"... The court will be prepared to imply a term if there arises from the language of the contract itself, and the circumstances under which it is entered into, an inference that the parties must have intended the stipulation in question *Hamlyn v Wood* [1891] 2 QB 488, 494. But the court will not imply a term unless compelled to do so in order to give effect to the intention of the parties since 'the general presumption is that the parties have expressed every material term which they intend should govern their agreement, whether oral or in writing' [*Luxor (Eastbourne) Ltd v Cooper* [1941 AC 108]."

[117] A comprehensive review of the law was carried out by the Privy Council in the case of **Attorney General of Belize & Ors v Belize Telecom Ltd & Anor.** At paragraphs 19 to 21 Lord Hoffmann had this to say:

"19. The proposition that the implication of a term is an exercise in the construction of the instrument as a whole is not only a matter of logic (since a court has no power to alter what the instrument means) but also well supported by authority. In *Trollope & Colls Ltd v North West Metropolitan Regional Hospital Board* [1973] 1 WRL 601, 609 Lord Pearson, with whom Lord Guest and Lord Diplock agreed, said:

'[T]he court does not make a contract for the parties. The court will not even improve the contract which the parties have made for themselves, however desirable the improvement

might be. The court's function is to interpret and apply the contract which the parties have made for themselves. If the express terms are perfectly clear and free from ambiguity, there is no choice to be made between different possible meanings: the clear terms must be applied even if the court thinks some other terms would have been more suitable. An unexpressed term can be implied if and only if the court finds that the parties must have intended that term to form part of their contract: it is not enough for the court to find that such a term would have been adopted by the parties as reasonable men if it had been suggested to them: it must have been a term that went without saying, a term necessary to give business efficacy to the contract, a term which, though tacit, formed part of the contract which the parties made for themselves.'

20. More recently, in *Equitable Life Assurance Society v Hyman* [2002] 1 AC 408, 459, Lord Steyn said:

'If a term is to be implied, it could only be a term implied from the language of [the instrument] read in its commercial setting.'

21. It follows that in every case in which it is said that some provision ought to be implied in an instrument, the question for the court is whether such a provision would spell out in express words what the instrument, read against the relevant background, would reasonably be understood to mean. It will be noticed from Lord Pearson's speech that this question can be reformulated in various ways which a court may find helpful in providing an answer – the implied term must 'go without saying', it must be 'necessary to give business efficacy to the contract' and so on – but these are not in the Board's opinion to be treated as different or additional tests. There is only one question: is that what the instrument, read as a whole against the relevant background, would reasonably be understood to mean?"

[118] It is clear from Lord Hoffmann's speech that the question of the implication of a term of an agreement can only arise where no express provision is made as to what should happen. He pointed out that an agreement should be considered as a whole against the relevant background and as a result, the only question which ought to be resolved would be what would a reasonable person understand that agreement to mean.

[119] He further made reference to the case of **BP Refinery (Westernport) Pty Ltd v Shire of Hastings** (1977) 180 CLR 226 in which Lord Simon of Glaisdale at pages 282-283 stated that, in construing an agreement, it was unnecessary to carry out an exhaustive review of the authorities relating to implying a term in an agreement. However, in implying a term, one or more of the following tests must be satisfied, namely:

- "1. it must be reasonable and equitable; (2) it must be necessary to give business efficacy to the contract, so that no term will be implied if the contract is effective without it; (3) it must be so obvious that 'it goes without saying'; (4) it must be capable of clear expression; (5) it must not contradict any express term of the contract."

### **Grounds 1-4 and 6**

[120] The issues arising in these grounds will be considered simultaneously. The first is whether the learned judge adequately dealt with all the evidence to support an implication of a term in the agreement between Paymaster and the second respondent that Paymaster would own the copyright in the computer programme. The second is whether the learned judge restricted Paymaster's claim only to the

commissioning of the second respondent to carry out the assignment given to him by Paymaster and to Paymaster's expenditure in the development of the computer programme. The third is whether the principles upon which the learned judge relied with reference to implied terms are applicable to this case.

[ 121] Mrs Kitson's argument is that the learned judge restricted Paymaster's contention of the existence of an implied agreement between the second respondent and itself as to the ownership of the copyright in the software to Paymaster's expenditure in the development of the programme and the commissioning of the second respondent to write the programme only. She contended that, in deciding on the intention of the parties the learned judge failed to have given consideration to the following matters:

(a) That the computer programme was exclusively created for Paymaster, it having been born out of Paymaster's original business concept together with its business plan devised by Ms Marks and Dr McNaughton.

(b) That after carrying out the necessary research, Paymaster retained Dr McNaughton in assisting with the creation of the Business Plan for the "Collections Network - Architecture and Operations".

(c) That the second respondent was paid to licence and customize his base programme with Paymaster's specification and write a new head office programme for operation with the customized CSSREMIT and was paid a considerable sum to write the programme which, Mrs Kitson submitted, signifies a clear intention that Paymaster is the owner of the computer programme and a finding otherwise would run

contrary to good business efficacy. Paymaster, through Ms Marks and Dr McNaughton, was continuously involved in consultations with the second respondent, counsel contended and they provided instructions to him. Further, upon the commissioning of the second respondent to write the software programme, Paymaster expended great effort and vast sums for the production, testing, debugging and verification of the finished product and based upon the uncontroversial evidence as to the manner in which the programme was developed.

(d) That at a meeting on 24 May 2000, the second respondent acknowledged that the programme had been expressly created for Paymaster and this fact, it was submitted, he did not contradict, as he merely proposed an amendment to the minutes.

(e) At the meeting of 21 June 2000, a request was made by the second respondent that an amendment should be made to the draft, service agreement which, it was submitted, shows that the ownership of the copyright in the additional functionalities vests in Paymaster.

(f) That when the computer is opened the appearance of Paymaster's name on a screen on GKRS's programme shows that the second respondent understood that the programme was Paymaster's property.

These facts clearly demonstrate an implied agreement that Paymaster is the owner of the programme, she argued.

[122] It is now necessary to look at the manner in which the learned judge analyzed the evidence and addressed the issues arising in respect of Paymaster's

contention in order to determine whether Paymaster's contention is justified. In paragraphs [40] to [43] of his judgment, he said:

"[40] It is trite law that an agreement may be oral or written, express or implied. There are nuances, of course. Paymaster suggests that where the business concept and requirements were provided by them this court ought to imply a term in their agreement with Paul Lowe that Paymaster is the owner of the copyright in the Paymaster Multi-Payment Software Program.

[41] Counsel for Paymaster argues that this is a necessary implication for two reasons. First, the evidence is that Paymaster commissioned Paul Lowe to write the Paymaster Multi-Payment Software for Paymaster's operations. They contend that where a person is specifically commissioned to write a programme for a fee and to meet the specific requirements of the person who engages him, the clear implication is that the program will be the property of the person who engaged him.

[42] Counsel for GKRS and Paul Lowe contend that where a person commissions a work, that does not make that person the first owner of the copyright. That person's interest in the copyright, if any, depends on the terms of the contract with the creator of the work. And that is the stronger argument.

[43] The learned authors of Copinger and Skone James on Copyright Volume 1, 14<sup>th</sup> Ed. make the point forcefully in the following passage at paragraphs 5 - 169 on page 301:

'...it has already been seen that, except in certain pre-1988 Act cases [sic] a person who commissions a work to be made by another does not thereby become the first legal owner of the copyright. His interest in the copyright, if any, will depend on the terms of the contract. Where the terms expressly deal with the copyright, little difficulty usually arises. Where, on the other hand, the matter is one of implication it can be very hard to determine what the true position is. There are many circumstances where



a work is prepared by A for B which do not result in B acquiring any interest in the copyright: the result of the transaction may simply be that B becomes entitled to the property in the physical material created and to a licence to use it for the particular purpose envisaged by the parties, but does not become equitable owner of the copyright. In accordance with general principles, a term to the effect that the commissioner is to be entitled to the copyright will only be implied where it is necessary to give business efficacy to the contract and the implied term satisfies the officious bystander test. Also inevitably, however, some term will have to be implied, even if only that the commissioner is licensed to use the work, for the general principle is that the engagement for reward of a person to produce material of a nature which is capable of being the subject of copyright implies a permission or consent, or licence in the person giving the engagement to use the material in the manner and for the purpose in which and for which it was contemplated between the parties that it would be used at the time of the engagement. 'The question will be whether the term to be implied is one for a non-exclusive licence, an exclusive licence or an assignment of the copyright, in whole or part: on the facts, was the agreement one whereby the author sold his copyright or merely one whereby he granted some form of licence? In accordance with modern, general principles the term implied should go no further than is necessary to fill the lacuna in the express term of the contract, so that if the implication of a licence of some kind will meet this need no agreement to assign should be implied'."

[123] In paragraph [44], he made reference to the case **Saphena Computing Ltd v Allied Collection Agencies Ltd** [1995] FSR 616 to show that the production of a work is not enough to vest the copyright in the work in the commissioner. He went on to say at paragraphs [45] to [47]:

"[45] Second, Counsel for Paymaster argues that a clear and necessary implication against Paul Lowe being the owner of the Paymaster Multi-Payment Software arises because of the amount of money spent by Paymaster in developing the product. This point is reflected in the statement of Ms Marks at paragraph 17 of her **affidavit dated 25.8.2000**: 'That Paymaster fully bore the costs involved in conceptualizing and developing and fine tuning this multi-payment programme, as we own the copyright in the programme.' Counsel for Paymaster assert that it would be ridiculous for Paymaster to expend that amount of money, time and resources for the creation and testing of the program, and then turn around and allow Paul Lowe to sell or license it to Paymaster's rivals as soon as all the verifications, modifications and testing were completed.

[46] Such a sombre argument requires serious consideration and invites the question of whether this court should imply a term in the agreement between Paymaster and Paul Lowe for the ownership of the copyright, and if so, what is its scope?

[47] The learned authors of **Chitty on Contracts Volume 1, (23<sup>rd</sup> Edition)** say:

'The courts will be prepared to imply a term if there arises from the language of the contract itself, and the circumstances under which it is entered into, an inference that the parties must have intended the stipulation in question. An implication of this nature may be made in two situations: first, where it is necessary to give business efficacy to the contract, and secondly, where the term implied represents the obvious, but unexpressed, intention of the parties ... both depend on the presumed intention of the parties.'

[124] At paragraph [48], the learned trial judge referred to an extract from page 68 of **The Moorcock**. (Reference has been made to this extract earlier. See paragraph 115 above).

[125] At paragraphs [49], [50] and [51], he made reference to the facts and the decision in the case of **Robin Ray v Classic FM Plc** and sets out extensively the dicta of Lightman J in which he laid down certain principles in relation to the question of the implied terms in a contract as to the ownership of a copyright. In paragraphs [52], [53] and [54], the learned trial judge went on to refer to the facts and decision in **R Griggs Group v Evans**, in which the commissioner of a work was held to be the owner of the copyright.

[126] He continued at paragraphs [55] to [63] by saying:

“[55] Apart from the specific example provided by the **Griggs** Case the learned authors of **Copinger et al Volume 1, 14th Ed** at paragraph 5-170, (pp. 302 – 303) set out a number of examples in which a court is likely to imply a term to assign the ownership of the copyright to the client. They say:

‘Circumstances in which an agreement to assign the copyright are likely to be implied include those where the work is made specifically for the commissioner’s business and at his expense and neither party can have contemplated that the maker of the work would have any genuine use for it himself. It will be necessary to consider in particular the price paid the impact of an assignment on the maker and whether it could sensibly have been intended that he should retain the copyright. The fact that the maker may have made use of underlying works supplied and owned by the commissioner, such as preliminary drafts or sketches, so that the commissioned work

could not be used by the maker without infringing the copyright in these underlying works, will also support such an implication. Again, where the maker works as part of a team with employees of the commissioner, this may justify the implication. On the other hand, where it is contemplated that the work may be sold by the maker to others or where it incorporates element, that the maker is likely to use again in his business, such as standard routines employed by a software writer, together with additions that are specific to the commissioner's business an intention that the commissioner should own the entire copyright is unlikely to be implied. Obviously, the fact that the maker disowns any claim to any beneficial interest will make it easier in practice for the commissioner to establish his equitable title.'

[56] More recently the Privy Council considered the issue of implied terms in **Attorney General of Belize v Telecom of Belize Limited [2009] UKPC 10**. Lord Hoffman [sic] in delivering the judgment of the court, made some general observations on the implication of terms which, broadly speaking, are in keeping with the principles outlined in **Ray v Classic** and **Griggs cases**.

[57] Applying these principles to the facts of this case, this Court concludes that Paul Lowe, the author of the computer programs at issue in this case, never intended to assign away, forever, his ownership of the copyright in either the base CSSREMITT software or the Paymaster Multi-Payment Software Head Office Programme to Paymaster for the following reasons. First, the evidence disclosed that although Paul Lowe would, from time to time, modify or improve his base CSSREMITT software to meet the needs of his customers, he always retained ownership and control of the software. There is no evidence that he would have done otherwise for the Head Office application (Paymaster Multi-Payment Software) that was developed for Paymaster. An unequivocal demonstration of ownership by Paul Lowe is provided in the words of Ms Marks in paragraph 16 of her **Affidavit dated 28.8.2000**:

'That as I was under the mistaken impression until November 1998 that Paymaster had purchased outright the Cash Remit system...on one occasion when Paymaster refused to pay Mr. Lowe for further rectification work he wrongfully shut down a part of Paymaster's Head Office system. That I then learned from Mr. McNaughton that it was a license for the C-S Remit [sic] programme which Paymaster had acquired. ... After discussions with Paymaster's attorneys Mr. Lowe restored the system ...' .

[58] Paul Lowe's recollection of the events speaks for itself. It is set out at paragraph 23 of his **Affidavit dated 6.9.2000:**

'That in the early part of December 1998 I turned off and disabled the system licensed to Paymaster because of the non-payment of amounts due to me for work that I had done and amendments and adjustments made by me to the software at the request of Paymaster and on the 3<sup>rd</sup> of December 1998 I received a letter from Ms. Nicole Lambert of the firm of Myers, Fletcher & Gordon who, acting on behalf of Paymaster claimed that I had designed a Cash Remit System for Paymaster and that I had no right to take the action that I had taken...I have always maintained that the Cash Remit System that was licensed to Paymaster was my property and the dispute was resolved on the basis that I should restart the programme for Paymaster only after satisfactory arrangements had been made to pay to me the amounts outstanding and it was acknowledged by Paymaster and/or those representing them that the proprietary rights to the program were mine.'

[59] Second, Paul Lowe was not required to, nor did he use any copyrighted material belonging to Paymaster while creating the Paymaster Multi-Payment Software for Paymaster. Dr. McNaughton and Ms Marks provided ideas and requirement specifications to Paul Lowe for the writing of the programme, but never

contributed to the writing of the programme. Dr. McNaughton confirms this at paragraphs 4-8 in his **Affidavit dated 25.8.2000**

That by February 1995, I had developed a document named Paymaster Collections Network: Architecture and Operations which specified the structure and operations of the Paymaster collections network and the underlying hardware and software components necessary to support its operations...That I recommended the use of the CS-Remit software which had been developed by Paul Lowe as a suitable base platform on which to develop the software necessary to support the branch and back end aspects of Paymaster operations ... That in addition to the material changes to the base cash remit software for the location cashiering operations, an entirely new programme was needed for the development of a head office software component, which would support the unique Paymaster head office operations and collect and consolidate payment information from all Paymaster outlets at the end of each operating shift and segregate the payment information by client company ... That from 1994 I worked in close contact with Ms Audrey Marks who had substantial input in the development of the requirements for the design and specification of the Paymaster technical infrastructure ... That I advised Ms Marks accordingly and recommended that Ms Marks retain Paul Lowe to write the programme for the collection software in accordance with the specifications which had been provided by me.

[60] It is clear to me from the evidence of the contractual arrangements (meagre as they were) that Paul Lowe was given 'the design and specification of the Paymaster technical infrastructure' but expected to develop his own specifications for the software programme itself, based upon his interpretation of the business requirements which Paymaster had provided to him. That is the context in which I accept the following evidence by Paul Lowe at paragraph 5 of his **Affidavit dated 20.9.2000:**

I received only a verbal description of what Mr. McNaughton required. He wrote no script nor any specification whatsoever and I created the specifications and wrote the program necessary to give effect to the system as verbally described to me by Mr. McNaughton.

[61] Third, it cannot be disputed that the task of writing the computer programme was exclusively contracted to Paul Lowe. Neither Dr. McNaughton, Ms. Marks or anyone else from Paymaster took part in writing the computer programme.

[62] Fourth, Paul Lowe was engaged in the business of creating software for the bill payment industry. This is how he views his role:

'... the present state of development of the CSSREMIT software is a valuable asset that has been developed over many years by the accretion of knowledge and expertise to the total store of the capabilities of the software which has made it desirable and useful and for me to continue in business I must continue to constantly update the software as the requirements of users and potential users of the software and the state of the industry changes'."

[63] The customary inference in the trade would be for him to retain copyright in his software and licence it to his clients."

[127] A review of the learned trial judge's findings, does not reveal that he was unmindful of Paymaster's complaints. At paragraph [40], the learned trial judge mentioned that Paymaster produced its original business concept and the requirements for the creation of the computer programme. He did not expressly mention that Paymaster had met the expenditure for the debugging and fine tuning of the computer programme. However, this would have been subsumed in the learned trial judge's

deliberations relating to Paymaster's entire expenditure for the project. He was also cognizant of the fact that Dr McNaughton was retained to assist in formulating Paymaster's Business Plan and that the second respondent, was paid to carry out the task he was commissioned to do.

[128] It is also true that the learned trial judge did not specifically refer to Paymaster's submission in respect of Ms Marks' continuous provision of consultancy and instructions to the second respondent, nor did he refer to or address the submission relating to Paymaster's allegation of an admission by the second respondent of Paymaster's ownership of the software.

[129] The learned trial judge's failure to have expressly addressed the fact that Paymaster had continuously given instructions and was involved in providing consultancy to the second respondent would not have had any adverse effect on the learned judge's findings in respect of Paymaster's allegation of its ownership of the software. The question of ownership was considered within the totality of the evidence in respect of the creation of the computer system and obviously, the learned judge would have taken into account such facts as he found proved in this regard and had thereby rejected the evidence about which Paymaster complains. He, being the arbiter of the facts, was clothed with a right to have done so.

[130] In relation to the issue concerning the learned trial judge's failure to have given consideration to an admission by the second respondent that Paymaster is the owner of the copyright in the software, Mrs Kitson's contention is that, at a meeting



of 24 May 2000, the second respondent admitted that the ownership of the programme resided with Paymaster and did not seek to contradict it at a subsequent meeting in June 2000.

[131] In the minutes of the meeting of 24 May 2000 it is recorded that the second respondent informed the meeting of his sale of the Paymaster Remit System to GKRS for US\$20,000.00 in January 2000. It is also recorded that Ms Marks examined the business relationship between Paymaster and the second respondent and referred to the various stages of development which were required to customize the system to meet Paymaster's operations. She then stated that the Paymaster Remit System which was created, was designed by Paymaster and that the second respondent was commissioned by Paymaster to build the system which was exclusively owned by Paymaster.

[132] It is of significance that although it is also stated in the minutes that the second respondent had acknowledged all that had been asserted by Ms Marks, it is also clearly recorded that a decision was made that: "a formal written agreement be put in place in order to clearly distinguish the intellectual property rights of each party. Ms McKoy was asked to prepare draft agreement and to have same agreed and signed by Mr Lowe".

[133] The second respondent's proposal that a written agreement should be made shows that he entertained some disquiet about the intellectual property rights of the parties. Obviously, a decision on each party's rights would have been

contingent upon the execution of an agreement. A draft agreement was prepared. Although reference is made to it as a service agreement, paragraph 16 provides that it includes all other written and oral agreements between the parties, which suggests that the contents of paragraph 16 might have been intended to have been collateral to all previous agreements. The document, in draft, was delivered to the second respondent on 2 June 2000 but it was not signed by him. At a meeting on 21 June 2000, he proposed amendments to the draft. These were never done. In light of these circumstances, the incomplete document would have been useless in determining any intention of Paymaster and the second respondent as to Paymaster's ownership of the computer programme.

[134] Further, as Mr Hylton pointed out, Ms Marks and Dr McNaughton confirmed that they did not confer with the second respondent on the question of the ownership of the software in the computer system. Additionally, Paymaster's evidence discloses that the sale of the license to Paymaster in respect of Paymaster's multi-payment software occurred subsequent to the implementation of Paymaster's business requirements and the consequential adjustments to the system by the second respondent. As a consequence, to say that there was a concession on the part of the second respondent that Paymaster was the owner of the software would be highly inaccurate. Any consideration of Paymaster's complaint that the second respondent agreed to Paymaster's ownership of the copyright would have been of no assistance in making a determination in favour of Paymaster. Therefore, the learned trial judge's omission to have made a finding that the second respondent agreed that

Paymaster owned the copyright in the software would not have had an adverse effect on the outcome of his decision in this regard.

[135] It is also appropriate to refer to GKRS' and the second respondent's submissions that in interpreting an agreement, statements made by parties or anything done by them, after entering into the agreement, cannot be taken into account. They relied on **James Miller and Partners Ltd v Whitworth Street Estates (Manchester) Ltd** [1970] 1 All ER 796 (HL) and **Maggs t/a BM Builders (A Firm) v Marsh and Anor** [2006] EWCA Civ 1058. Reliance was placed on the following dicta of Lord Reid in **Miller's** case, in which he said at page at 798:

"...it is now well settled that it is not legitimate to use as an aid in the construction of the contract anything which the parties said or did after it was made. Otherwise one might have the result that a contract meant one thing the day it was signed, but by reason of subsequent events meant something different a month or a year later."

[136] Paymaster contended that the foregoing was said in relation to a written contract and would therefore not be relevant to this case. **Miller's** case underpins the principle that where parties enter into a written agreement, and at that time they made a complete record of the agreement, the words must be objectively interpreted.

[137] In **Maggs v Marsh and Anor**, the rationale in **Miller** was adopted by the court. However, in **Maggs**, Smith LJ expressly stated that the principle in **Miller** is a matter of law and is inapplicable to oral contracts, the construction of which is a question of fact. Paymaster contended that **Maggs'** case is distinguishable from

the present case, in that in **Maggs**, the contract was partly written and partly oral and the court was required to construe the expressed terms of the contract and not the implied term. This notwithstanding, Paymaster relied on **Maggs** to show that subsequent to the making of an oral contract, evidence as to the parties' discussions and conduct is highly relevant. In **Maggs'** it was held, among other things, that in order to draw an inference relating to the documents coming into existence subsequent to the date of the contract, further evidence ought to have been considered. This does not assist Paymaster. There is no document or documents, which came into existence subsequent to the agreement between Paymaster and the second respondent, from which it could be inferred that in the agreement, the implied intention was that Paymaster was the owner of the copyright in the software.

[138] I now turn to Paymaster's contention that the learned trial judge did not give consideration to the evidence that, when opened, Paymaster's name appears on the screen of a programme in operation at Bill Express. It cannot be said that he did not do so. At paragraph [83] of his judgment, he found that the Paymaster's head office programme carrying Paymaster's name was given to GKRS. He referred to Paymaster's submissions that GKRS, by utilizing Paymaster's Business Plan and its multi-payment software, was afforded GKRS the ability to accelerate its development and that the confidential information contained in the software licensed to GKRS was used to compete against Paymaster. He dealt with this within the context of the question of Paymaster's allegation of a breach of confidence by GKRS. It is clear

that the learned trial judge accepted that Paymaster's name, among other things, appeared on Paymaster's Head Office programme given to GKRS. However, in dealing with the ownership of the software, although he did not specifically mention that Paymaster's name appeared on GKRS' programme and did not make a finding on it, this would not have made any difference in the determination of a presumed intention of the parties in implying ownership of the copyright in the computer programme as the evidence discloses that the copyright of the software was not vested in Paymaster. More will be said about this later.

[139] I now turn to ground 6 which raises Paymaster's concern that the principles upon which the learned judge placed reliance were essentially extracted from cases born out of written contracts which creates greater difficulty in implying additional terms in a contract containing detailed express terms than one in which the terms are less detailed.

[140] Mr Hylton rejected Paymaster's uneasiness that the cases are intrinsically directed at written contracts and submitted that the principles in the cases upon which the learned trial judge relied in relation to the implied term in a contract are of general application to all contracts, written or oral.

[141] The cases of **Robin Ray v Classic FM Plc**, **R v Griggs v Evans** and **Attorney General of Belize v Belize Telecom Limited**, on which the learned judge placed reliance, distill principles propounding the effect of an implication of a term in a written or an oral contract and reinforce the officious bystander test in

contracts. The principles influencing the respective rights of a commissioner and a contractor in an issue pertaining to the ownership of a copyright were comprehensively outlined by Lightman J in **Robin Ray v Classic FM Plc** on which the court relied in **Griggs v Evans**.

[142] In **Robin Ray v Classic FM Plc**, in 1991 the plaintiff entered into a consultancy agreement with the defendant, to among other things, "advise it on the composition of the classical music repertoire of the radio station **Classic FM**, to catalogue its recorded music library, to assist it in assessing the estimated popularity of specific works or performances and the recommended maximum exposure to specific works." In 1997, the agreement was terminated. No specific intellectual property rights were provided for in respect of the work created by the plaintiff. The defendant incorporated into a database, information furnished by the claimant. The defendant then made copies of the database and thereafter granted licences to foreign radio stations to use the database. The plaintiff contended that the copyright in five documents as well as in a catalogue were vested in him. The defendant claimed that they were joint authors of them. A concession was made by the defendant, at the trial, that the documents and the catalogue were reproduced in the database.

[143] The court found that the defendant infringed the plaintiff's copyrights and held, inter alia, that :

- "(1) A joint author was a person who collaborated with another author in the production of a work and who (as an author) provided a significant creative input and whose contribution was not distinct from that of

the other author. To be a joint author he had to create something protected by copyright which found its way into the finished work. A joint author had to participate in the writing and share responsibility for the form of expression in the literary work.

...

- (4) The plaintiff supplied the most important input into the catalogue, namely his selection of the tracks and his assessment of the popularity of the tracks. The defendant's representatives made some suggestions which the plaintiff adopted but the sum total of the defendant's input was ideas, thoughts and material communicated to the plaintiff to assist him in his work. The plaintiff alone composed and wrote the catalogue and, in doing so, did not act as scribe for the defendant."

[144] At pages 640 to 643, Lightman J outlined nine principles governing the rights of a commissioner and a contractor in an issue relating to copyright. He said:

"(1) The issue in every such case is what the Client under the contract has agreed to pay for and whether he has "bought" the copyright. The alternatives in each case are that the Client has bought the copyright, some form of copyright licence or nothing at all. It is common ground in this case that by implication the Consultancy Agreement at the least confers on the Defendant a licence to use the copyright material for the purposes of its radio station. The issue is whether the Defendant impliedly bought the copyright or a more extensive licence than the limited licence conceded.

45. The general principles governing the respective rights of the Contractor and Client in the copyright in a work commissioned by the Client appear to me to be as follows:
  - (1) the Contractor is entitled to retain the copyright in default of some express or implied term to the contrary effect;

- (2) the contract itself may expressly provide as to who shall be entitled to the copyright in work produced pursuant to the contract. Thus under a standard form Royal Institute of British Architects ("RIBA") contract between an architect and his client, there is an express provision that the copyright shall remain vested in the architect;
- (3) the mere fact that the Contractor has been commissioned is insufficient to entitle the Client to the copyright. Where Parliament intended the act of commissioning alone to vest copyright in the Client e.g. in case of unregistered design rights and registered designs, the legislation expressly so provides (see Section 215 of the 1988 Act and Section 2(1A) of the Registered Designs Act 1949 as amended by the 1988 Act). In all other cases the Client has to establish the entitlement under some express or implied term of the contract;
- (4) the law governing the implication of terms in a contract has been firmly established (if not earlier) by the decision of the House of Lords in *Liverpool City Council v. Irwin* [1977] AC 239 ("*Liverpool*"). In the words of Lord Bingham MR in *Philips Electronique v. BSB* [1995] EMLR 472 ("*Philips*") at 481, the essence of much learning on implied terms is distilled in the speech of Lord Simon of Glaisdale on behalf of the majority of the Judicial Committee of the Privy Council in *BP Refinery (Westernport) Pty Ltd v. The President, Councillors and Ratepayers of the Shire of Hastings* (1978) 52 ALJR 20 at 26:

*'Their Lordships do not think it necessary to review exhaustively the authorities on the implication of a term in a contract which the parties have not thought fit to express. In their view, for a term to be implied, the following conditions (which may overlap) must be satisfied: (1) it must be reasonable and equitable; (2) it must be necessary to give business efficacy to the contract, so that no term will be implied if the contract is effective without it; (3) it must be so obvious that 'it goes without saying'; (4) it must be*



*capable of clear expression; (5) it must not contradict any express term of the contract.'*

2. Lord Bingham added an explanation and warning:

"The courts' usual role in contractual interpretation is, by resolving ambiguities or reconciling apparent inconsistencies, to attribute the true meaning to the language in which the parties themselves have expressed their contract. The implication of contract terms involves a different and altogether more ambitious undertaking: the interpolation of terms to deal with matters for which, *ex hypothesi*, the parties themselves have made no provision. It is because the implication of terms is so potentially intrusive that the law imposes strict constraints on the exercise of this extraordinary power...

The question of whether a term should be implied, and if so what, almost inevitably arises after a crisis has been reached in the performance of the contract. So the court comes to the task of implication with the benefit of hindsight, and it is tempting for the court then to fashion a term which will reflect the merits of the situation as they can appear. Tempting, but wrong."

- (5) where (as in the present case) it is necessary to imply the grant of some right to fill a lacuna in the contract and the question arises how this lacuna is to be filled, guidance is again to be found in *Liverpool*. The principle is clearly stated that in deciding which of various alternatives should constitute the contents of the term to be implied, the choice must be that which does not exceed what is necessary in the circumstances (see Lord Wilberforce at 245 F-G). In short a minimalist approach is called for. An implication may only be made if this is necessary, and then only of what is necessary and no more;
- (6) accordingly if it is necessary to imply some grant of rights in respect of a copyright work, and the need could be satisfied by the grant of a licence or an assignment of the copyright, the implication will be of the grant of a licence only;
- (7) circumstances may exist when the necessity for an assignment of copyright may be established. As Mr Howe

has submitted, these circumstances are, however, only likely to arise if the client needs in addition to the right to use the copyright works the right to exclude the contractor from using the work and the ability to enforce the copyright against third parties. Examples of when this situation may arise include: (a) where the purpose in commissioning the work is for the client to multiply and sell copies on the market for which the work was created free from the sale of copies in competition with the client by the contractor or third parties; (b) where the contractor creates a work which is derivative from a pre-existing work of the client, e.g. when a draughtsman is engaged to turn designs of an article in sketch form by the client into formal manufacturing drawings, and the draughtsman could not use the drawings himself without infringing the underlying rights of the client; (c) where the contractor is engaged as part of a team with employees of the client to produce a composite or joint work and he is unable, or cannot have been intended to be able, to exploit for his own benefit the joint work or indeed any distinct contribution of his own created in the course of his engagement: see Nichols Advanced Vehicle Systems Inc v. Rees [1979] RPC 127 at 139 and consider Sofia Bogrich v. Shape Machines, unreported, November 4, 1994, Pat Ct and in particular page 15 of the transcript of the judgment of Aldous J. In each case it is necessary to consider the price paid, the impact on the contractor of assignment of copyright and whether it can sensibly have been intended that the contractor should retain any copyright as a separate item of property;

- (8) if necessity requires only the grant of a licence, the ambit of the licence must be the minimum which is required to secure to the client the entitlement which the parties to contract must have intended to confer upon him. The amount of the purchase price which the client under the contract has obliged himself to pay may be relevant to the ambit of the licence. Thus in Stovin-Bradford v. Volpoint Properties Ltd [1971] 1 Ch 1007, where the client agreed to pay only a nominal fee to his architect for the preparation of plans, he was held to have a licence to use the plans for no purpose beyond the anticipated application for planning permission. By contrast in Blair v. Osborne & Tompkins [1971] 2 QB 78, where the client was charged the full RIBA scale fee, his licence was held to extend to using the plans for the building

itself. Guidance as to the approach to be adopted is provided in a passage in the judgment of Jacobs J. in *Beck v. Montana Constructions Pty* [1964-5] NSW 229 at 235 cited with approval by Widgery LJ in *Blair v. Osborne & Tompkins supra* at 87:

*'it seems to me that the principle involved is this; that the engagement for reward of a person to produce material of a nature which is capable of being the subject of copyright implies a permission, or consent, or licence in the person giving the engagement to use the material in the manner and for the purpose in which and for which it was contemplated between the parties that it would be used at the time of the engagement.'*

- (9) the licence accordingly is to be limited to what is in the joint contemplation of the parties at the date of the contract, and does not extend to enable the Client to take advantage of a new unexpected profitable opportunity (consider *Meikle v. Maufe* [1941] 3 All ER 144)."

[145] In **Griggs Group v Evans** the copyright was assigned to the commissioner and not the contractor. That case concerned a contract in which Evans, the contractor was commissioned by Griggs Group, an advertising agency which was his client, to produce a single trade mark logo from two pre-existing logos. The case turned on the terms of the contract. Evans assigned the copyright in the logo to the second defendant. The issue was whether the Griggs Group, the claimants, were the beneficial owners of the copyright in the composite logo produced by Evans. The appellate court, in applying the principles laid down by Lightman J in **Robins v Classic FM Plc**, held that there was an implied agreement that Griggs Group was the beneficial owner of the copyright in the logo created by the contractor, Evans.

[146] It is of significance to point out that in **Griggs Group v Evans**, Jacobs LJ responding to counsel's submission that the principle laid down by Lightman J in paragraph [7] of the principles in **Robin Ray v Classic FM Plc** may be misinterpreted in every case in which the commissioner desires to exclude a contractor from using the work and needs to have a right to compel obedience to the copyright against third parties, said at paragraph 14:

"... Well, I suppose there is always a danger that a particular passage might be read out of context. If you start at the seventh paragraph you will miss the preceding six. But in this case even para. 7 on its own does not purport to lay down a universal rule. Lightman, J. merely says that in such circumstances the implied term is 'likely to arise.' The passage rightly recognises that in each case whether or not a term is implied and, if so, what it is will depend on all the factual circumstances. Lightman J is here no more than pointing out powerful factors for copyright entitlement to lie with the client."

[147] I must pause here to say that Paymaster sought to import, into its argument section 5(i) (a) of the Copyright Act, 1911 of the United Kingdom and other previous enactments to show that the presumptive right of ownership is displaced by an agreement to the contrary. In 1993 the Act made provisions for computer programming in Jamaica for the first time. It provided for, among other things, copyright in literary work. Paymaster's claim must be considered within the framework of the Act.

[148] Paymaster relied heavily on paragraph 7 of Lightman J's principles in support of its contention that a term should be implied that it owned the computer programme.

It was urged that: the second respondent created a work which is a derivative from Paymaster's pre-existing work; the price paid by Paymaster for the creation of the programme was vast and that it would be absurd if the contractor is permitted to retain the copyright.

[149] By virtue of section 2 of the Act, the second respondent is the creator of the work and accordingly, the owner of the copyright. Paymaster sought to secure ownership in the computer programme by way of an implication. In order for it to succeed it must be shown that there is a presumed intention that the ownership of the programme vests in Paymaster. This requires me to embark on a journey into the circumstances of this case, in order to ascertain whether Paymaster falls within any of the principles enunciated by Lightman J in **Robin v Classic FM Plc**.

[150] The agreement between Paymaster and the second respondent was oral. Judicial authorities have shown that the court must exercise great care in implying a covenant in an oral agreement. The task of the court, therefore, is to examine carefully what was said or done and decide whether it can be found, from the evidence, that the officious bystander test has been satisfied. A term can only be implied in this case if it gives business efficacy to the contract between Paymaster and the second respondent. It must be definitively established that at the time of the contract, in the interest of business efficacy, it was agreed by both parties that one party covenanted to assign the right of ownership to the other. Therefore, it is incumbent upon Paymaster to show

that there was a presumed intention that the copyright in the programme would be bestowed on it by the second respondent.

[151] Paymaster contended, among other things, that it was equitable and necessary to give business efficacy to the agreement that the work created by the second respondent is derived from Paymaster's pre-existing works and the second respondent's use of it was an infringement of its, Paymaster's, underlying works. It must be borne in mind that in **Griggs Group v Evans** Jacob LJ issued a note of caution when he said, at paragraph 7, that Lightman J's principles do not purportedly prescribe any universal rule as it simply acknowledges that the question of the existence of an implied term in a contract is dependent on the circumstances of the particular case.

[152] I must state at the outset that, in **Griggs Group Ltd v Evans**, the copyright of the logo was assigned to the Commissioner. The case does not assist Paymaster. In that case, it was found that the second defendant by way of a written assignment was the legal owner of the copyrights worldwide in the logo and that the legal title was held on trust for the **Griggs Group**. In the case under review, Paymaster has not pleaded that the second respondent had assigned the copyright in the computer programme to it. Even if had done so, it could not have successfully raised such a claim, since, by virtue of section 23 (1) of the Act, an assignment of copyright must be in writing. There is no written assignment of the copyright by the second respondent to Paymaster.

[153] In speaking to the matter of the underlying works which the second respondent was required to use, Dr Dallas, in his report, exhibited to his affidavit, described the

nature of the instructions relating to Paymaster's collection network from the document provided by Paymaster. These he said, were "Modifications to support multiple clients" and "the inclusion of a capacity to do processing at head office". He further stated that:

"The following instructions were the new enhancements requested to support processing of multiple clients:  
Support collections for multiple clients with hot key (function key) toggle between different client modes. Client definition should be table-driven to allow flexible set-up of additional clients.  
Colour coded client modes to minimize operator error.  
Local account validation against multiple client files.  
End-of-day settlement and creation, verification of batch transaction ASCII files for each client company."

[154] He also said that the specifications provided by Paymaster were not sufficiently detailed nor were they precise enough for use by a computer professional to develop a software. Dr McNaughton stated that the specifications supplied to the second respondent were basically business specifications. He further stated that it was envisaged that the second respondent would have developed his own programme based on his deciphering the business specifications provided by Paymaster.

[155] It is clear from Dr Dallas' and Dr McNaughton's evidence that Paymaster's underlying works were insufficient to give rise to a copyright in the software. The second respondent was assigned to convert into computer language Paymaster's business requirements which he would of necessity be required to augment, with the

use of his modified CSSREMIT system and such specifications, in addition to those given by Paymaster, as he deemed necessary.

[156] Further, the second respondent was not engaged as a part of a team with other Paymaster's employees to produce a joint work and although there can be no dispute that Paymaster spent vast sums in having the programme developed, this in itself, would not afford Paymaster the right of the ownership of the programme. This would have to be balanced against the effect which an assignment would have had on the second respondent, a computer programmer by profession. He had been engaged in the profession, since the 1980's of manufacturing software. He has designed programmes for several companies using his CSSREMIT as a base. It is also of significance that he created other programmes which he licensed to other companies. If an officious bystander, being conscious of the facts, were to be asked two pointed questions, namely, did Paymaster supply the second respondent with all the necessary material or material that attracts copyright and did the second respondent intend to abdicate his right to ownership of the copyright in his CSSREMIT software? The answers to both questions would be in the negative. It could not be that it would have been contemplated that the second respondent would have forfeited his right of ownership or that he does not intend to re-use software continually for his own use and benefit or that at some time in the future he may not wish to sell it. The learned trial judge rightly found that it would not have been intended that the second respondent would have relinquish his right in the copyright of the computer programme.



## **Grounds 5 and 7**

[157] It was contended for Paymaster that there is clear evidence that the second respondent, at the meeting in May 2000, acknowledged that the additional functionalities were vested in Paymaster and despite the fact that he requested that certain amendments be made to the draft service agreement which had been presented to him, he proposed that Paymaster's ownership should apply to the "Functionalities requested by Paymaster" rather than "The Paymaster's Remit System" thereby acknowledging that the copyright in the additional functionalities vested in Paymaster.

[158] As previously pointed out, although at the meeting in May 2000, it was proposed by the second respondent that there should be an agreement to show a change in respect of the ownership of the functionalities, this does not amount to an acknowledgement by him that the copyright in the additional functionalities are owned by or vested in Paymaster, as Mrs Kitson sought to assert. As earlier indicated, the request for the change in ownership of copyright in Paymaster's additional functionalities was made in relation to an unconcluded draft service agreement which would be incapable of carrying any evidential force or value. No regard can be paid to the contents of the draft document to support an implied agreement of Paymaster's ownership of the software.

[159] It was Paymaster's further argument that the Paymaster software system was a separate work from the CSSREMIT System which was partially included in Paymaster's copyright in its designs and the specifications in the additional

functionalities in the CSSREMIT and the head office programmes. Therefore, it was argued, the second respondent was not entitled to full ownership of Paymaster's Remit System and could not have licensed the programme without Paymaster's consent. Here, Paymaster seeks to claim joint ownership of the computer programme. Remarkably, Paymaster pleaded an entitlement to the entire software programme by way of a beneficial assignment of the copyright to it and not by way of joint ownership. Obviously, by introducing a claim of joint ownership in one of the software programmes, it now seeks to resile from its pleading.

[160] Paymaster having not pleaded joint ownership of the software in the computer programme its claim to joint ownership runs contrary to section 22(1) of the Act which clearly specifies that in the absence of an agreement to the contrary, first ownership of a copyright is expressly assigned to the author of the protected work. There being no averment by Paymaster in support of its assertion of a joint ownership of the computer programme, the question of co-ownership of the copyright in the software cannot be open for debate.

### **Ground 8**

[161] This ground is predicated on the premise that the material provided by Ms Marks and Dr McNaughton exceeded basic instructions that would have been required by a programmer in order to write a specific programme and that the specifications given to the second respondent originated from a document developed by Dr McNaughton and Ms Marks in which the architecture belonged to Paymaster. The

criticism laid against the learned trial judge's finding is that he erred in stating that in creating the Paymaster multi-payment software, the second respondent did not utilize any of Paymaster's copyright material.

[162] The critical question arising is whether the material delivered to the second respondent would attract copyright to support a finding of an implied term of Paymaster's ownership of the software. As earlier seen, as propounded by Lightman J in **Robin Ray v Classic FM Plc**, it must be shown that the contractor could not use a derivative from the pre-existing work of the commissioner without encroaching on the underlying rights of the commissioner.

[163] There is no dispute that the computer programme was created for Paymaster's business. In pursuance of the endeavour, Paymaster supplied the second respondent with specifications and also expended large sums for having the programme developed.

[164] It is now necessary to look at the evidence relating to Paymaster's underlying works. At paragraph 4 of his affidavit of 25 August 2000, Dr McNaughton stated that in February 1995 he prepared a document containing "The Architecture and Operations which specified the structure and operations of the Paymaster collections network and the underlying hardware and software components necessary to support its operations". At paragraph 8 he stated that he designed and specified the following to meet the additional requirements for the CSSREMIT system:

- "(1) Support collections for multiple clients with hot key (function key) toggle between different client modes

- (11) Color-coded client modes to minimize operator error
- (111) Local account validation against multiple client files
- (1V) End- of-day settlement and creation, verification of batch transactions ASCII files for each client company
- (V) Option to add general payment transaction codes which can capture up to 3 fields of data (up to 15 characters in length) in addition to transaction code payment amount."

It was also averred by him that the second respondent's CSSREMIT software was recommended by him as a suitable base on which to develop the requisite software for Paymaster's operations. He further stated that a new programme was required for the development of the head office Software programme and material changes were necessary for the cash remit software for the cashiering locations.

[165] He testified that specification requirements were provided to the second respondent which were basically business specifications. There is also evidence from Ms Marks, under cross-examination, that what was given to the second respondent were business specifications. As unfolded in the evidence, it was seen that any underlying works, such as Paymaster's business specifications and architecture, were in fact requirement specifications for the development of the programme. These would be classified as concepts or ideas and could not attract copyright in keeping with section 6 (8) of the Copyright Act which excludes, among other things, ideas, concepts and processes, from the benefit of copyright protection. Accordingly, Paymaster's

specifications, which the second respondent employed in the production of the computer programme, would not have been protected by copyright.

[166] There can be no doubt that the second respondent would have, in the course of his duty, utilized some if not all of the specifications given to him by Paymaster. However, as earlier shown they were not subject to copyright. Paymaster has not shown, that the underlying works supplied by it, were subject to copyright.

### **Ground 9**

[167] Paymaster, in challenging this ground, urged that no evidence was led to support the learned trial judge's finding that as a custom in the trade, the second respondent could have retained the copyright in the software and licensed it to his client as he wished. Mr Hylton argued that although there was no direct evidence in support of the learned trial judge's statement, no evidence to the contrary existed and, in assessing the weight to be given to the finding, consideration must be given to the context within which it was made.

[168] At paragraph [63] of his judgment the learned judge said:

“[63] The customary inference in the trade would be for him to retain copyright in his software and licence it to his clients.”

[169] This pronouncement of the learned trial judge was not a mere statement but is a finding in law. There being no evidence of the custom of the trade in the software industry, it is indeed mystifying that he arrived at such a finding.

[170] A custom is a distinct rule which has actually or presumptively been in existence from time immemorial and has obtained the force of law: See **Tanistry Case** (1608) Dav. Ir 28. In considering the matter of custom, two necessary attributes must exist. These are: (a) the existence of an actual or a presumptive custom from time immemorial and (b) the custom must be limited to a definite place or thing. Both elements must be established in order to proof of custom. The obvious absence of evidence as to the existence of the custom of the trade within the context of the requisite application of the rule, demonstrates that the learned trial judge was clearly wrong in making his finding.

### **Ground 10**

[171] The gravamen of the attack by Paymaster in this ground is that the learned trial judge wrongly considered that the issue as to the ownership of the source code only emerged after the dispute between Paymaster and the second respondent began. Mrs Kitson submitted that the learned trial judge placed emphasis on the ownership of the source code and the appearance of the name of CSSREMIT upon the opening of both software without dealing with the evidence that Paymaster's name also appeared when the programme was opened.

[172] In dealing with this issue, the learned trial judge had this to say at paragraphs [64] and [65] of his judgment:

“[64] Fifth, Paul Lowe did not provide the source code for either the Paymaster Multi-Payment Software or the base CSSREMIT to Paymaster. Here is how he put it at paragraph 21-22 of his **Affidavit of 6.9.2000**:

‘That the source codes for the software program licensed to Paymaster are still in my sole custody and control and I have never parted with these to Paymaster or anyone on their behalf. No adjustment or amendments whatsoever can be made to the software program without these codes and they are the means by which I retain ownership and control of the program...That all of the various versions of the software program licensed to Paymaster and all of the entities mentioned above bear the distinctive mark or logo of ‘CSSREMIT’ which appears on the computer screen when the system is activated’.”

[65] From the evidence, Paymaster has never claimed ownership of the source codes prior to filing an action in this court. In my judgment, the significance of the non-ownership by Paymaster of the source codes to both programs should not be underestimated. This fact is in consistence with an implied agreement or an assignment of copyright in the Paymaster Multi-Payment Software to Paymaster.

[173] The critical issue for the learned trial judge’s consideration was the ownership of the source code. A source code is a permanent fixture in a computer by means of which the instructions to the computer are generated. Two source codes were created, one for the CSSREMIT and the other for the Paymaster’s head office. The source codes for both systems were written by the second respondent.

[174] Dr McNaughton stated that the second respondent's CSSREMIT software was recommended by him as a suitable base on which to develop the requisite software for Paymaster's operations. He further stated that a new programme was required for the development of the head office software programme and material changes were necessary for the cash remit software for the cashiering locations.

[175] In 1988, a dispute arose between Paymaster and the second respondent by reason of the non-payment of certain amounts to the second respondent by Paymaster, following which, he disconnected the software system. During this period of disconnection, the source codes for Paymaster's multi-payment system and the CSSREMIT system remained in the second respondent's possession. The second respondent stated that he had always retained the source codes. The fact that he retained possession of them would not, in itself, have been a factor pointing to ownership of the source code by him. It is true that no adjustments or alterations to the software programme could have been made without the use of the source codes but this too does not show that the source codes were owned by the second respondent. Mrs Kitson contended that it cannot be overlooked that the second respondent was saddled with the responsibility for the maintenance of the software and, by necessity, would have had to have kept them in his possession. Remarkably, Ms Marks stated that she had retrieved the source codes, but under cross-examination it was revealed that her statement was inaccurate. She was unable to prove that she had gained possession of the codes at any time.



[176] Mrs Kitson argued that the fact that Paymaster had never claimed possession of the source codes prior to the institution of the proceedings, or did not supply them to the second respondent, or that it would not have been his intention to sign away his right to the source codes, would not have been sufficient reason for the learned trial judge to have found that there could not have been an implied agreement for an assignment of the copyright in the software system to Paymaster. She argued that there was expert evidence from Dr Dallas that there is no definitive principle or practice in the technological domain that the ownership of the software resides with the person who is in possession of the source code. This was supported by Dr McNaughton under cross-examination. It was also Dr Dallas' evidence that the adjustments made to the CSS Remit exceeded those which previously existed. These aspects of the evidence were not addressed by the learned trial judge.

[177] As a settled rule, it would have been open to the learned trial judge to accept or reject all or part of Dr Dallas' evidence. It is obvious that he rejected aspects of Dr Dallas' evidence about which Mrs Kitson complained. No reasons were given. Although the learned trial judge ought to have given reasons for his rejection of the evidence, what is of importance is whether in the circumstances of this case, the owner of the source code is Paymaster or the second respondent.

[178] Paymaster's submission that the second respondent is not entitled to claim sole ownership of the software, as Dr Dallas' testimony shows that adjustments to the CSSREMIT exceeded that which had previously existed, is devoid of merit. The

heart of Paymaster's claim is that, implicitly, it fully owned the software. As indicated earlier, Paymaster had not pleaded joint ownership of the software. It follows therefore, that it would have been unnecessary for the learned trial judge to have taken Dr Dallas' opinion into consideration.

[179] Paymaster having supplied the business specifications to the second respondent, he carried out his task of customizing the specifications to meet the need for the creation of the computer programme. Although Paymaster's name appeared on the software of the head office when opened, this would not have an impact upon Paymaster's ownership of the source code. It did not plead ownership of the head office source code.

[180] Even if there is a principle or practice that the person in possession of the source code is the owner, or that adjustments made to the CSSREMIT were in fact in excess of those which existed previously, it would be reasonable to infer that the second respondent had not relinquished his right to his copyright in his CSSREMIT software. Paymaster ought to have made a specific claim in its pleadings for the source code in the head office system but did not do so. This being so, the ownership of the copyright in the CSSREMIT and the Paymaster system ultimately falls on the second respondent. Therefore, the learned trial judge's failure to have given reasons for rejecting Dr Dallas' evidence touching the question of the possession of the source code would not prove fatal to his findings.

[181] The learned trial judge dealt satisfactorily with the evidence before him in relation to the ownership of the source codes. It cannot be said that he was wrong in finding that the second respondent was the owner of same.

### **Ground 11**

[182] In this ground, it is contended that there was uncontradicted evidence demonstrating that Paymaster's important material and information were disclosed to GKRS by the second respondent. Mrs Kitson's argument is that GKRS received Paymaster's business plan and having acquired it, Paymaster's software programme containing Paymaster's name, it would have been obligatory on GKRS's part not to have used the information on the business plan or on the software. Her further contention is that the learned trial judge erred in finding that Paymaster's business plan had not been used by GKRS and that its claim for breach of confidence could not succeed.

[183] There was evidence, Mrs Kitson further argued, that the requirements in proof of breach of confidence had been satisfied, as Paymaster had met all the necessary conditions in proof of the fact that the information contained in the business plan is identifiable, and traceable to Paymaster. This information, she argued, is of some value to Paymaster although it need not be totally original or had been in Paymaster's possession exclusively but it must not be widely known. She urged that the second respondent was in possession of the business plan, containing valuable information given to him confidentially during the course of his relationship

with Paymaster which he disclosed for his advantage and GKRS, having been the recipient of it, ought not to have applied it to its use and benefit.

[184] Mr Hylton's argument is that the ingredients of Paymaster's allegation for breach of confidence have not been established. No evidence was adduced at the trial to show that Paymaster's business plan was utilized by GKRS and the evidence adduced by GKRS demonstrates that in the evolution of its bill payment system, it had resorted to its own business plan by way of its research, he argued. He further contended that Paymaster's claim related to an allegation as to the receipt of confidential information which GKRS used but it did not state that GKRS received confidential information from the second respondent. It was further argued by him that the contents of Paymaster's business plan could not be described as having "a quality of confidence" as it included no financial information, nor any secret formulae or processes, nor any new business concept, he argued.

[185] At paragraph [66] of his judgment, the learned trial judge made reference to the particulars of breach of confidence as outlined in the statement of claim. He then, at paragraph [67], said:

"The Claimant must prove three things for the claim in breach of confidence to succeed. In **Coco v A.N. Clarke (Engineers) Ltd** [1968] FSR 415 Megarry LJ set out the three requirements of the tort.

'In my judgment, three elements are normally required if, apart from contract, a case of breach of confidence is to succeed. First, the information itself ... must 'have the necessary quality of

confidence about it.' Secondly, that information must have been imparted in circumstances importing an obligation of confidence. Thirdly, there must be unauthorized use of that information to the detriment of the party communicating it'."

[186] He further outlined the following sub-issues, touching the matter of breach of confidence, namely: whether GKRS had been in receipt of Paymaster's business plan; whether the business plan had the "necessary quality of confidence"; whether the business plan imparted circumstances importing an obligation of confidence and whether the business plan was utilized by GKRS in forming the foundation for its bill collection business to Paymaster's detriment.

[187] In treating further with the sub issues, the learned judge said at paragraphs [81]-[87]:

"[81] It has been conceded that GKRS did in fact receive the Paymaster Business Plan. I find as a fact that when GKRS received the Business Plan, a business relationship was being contemplated with Paymaster. This can be inferred from the evidence of Paul Goldson in his **Affidavit dated 5.9.2000** between paragraphs 19 and 21. Here it is:

'I recall being approached by Audrey Marks ... with a proposition that she be appointed as a sub-agent of Western Union. She also indicated that she had been trying to obtain additional financing for the business and proposed that the 1st Defendant invest in the Plaintiff. As we had the intention to venture into the multi-payment system we were willing to consider the investment possibilities. However, the main thrust of our discussions at this time related to the Western Union Sub-Agency ...

we conducted a site visit to ensure the necessary infrastructure was in place. ... That we declined the investment proposition after completing our due diligence...We conducted a technology due diligence from which we ascertained that the Plaintiff did not own the software being used by it.'

- [82] As was said in **Coco's case**, GKRS carries a heavy burden if they seek 'to repel a contention that' they were 'bound by an obligation of confidence.' That is a burden, which GKRS has in this case failed to throw off and I hold that they were bound by an obligation of confidence in relation to Paymaster's Business Plan.

### **Did GKRS use the business plan?**

- [83] Counsel for Paymaster contends that GKRS was able to fast track their development by using the Paymaster Business Plan and the Paymaster Multi-Payment Software. They also contend that confidential business information relating to Paymaster was contained in the software programme that was licensed to GKRS in October 1999 and used by them to compete against Paymaster until October 2000. There is evidence, which I accept, that the demo Head Office programme given to GKRS in October 1999 and August 2000 had Paymaster's Name, Locations and Client Companies exhibited when opened. They argue that both Paul Lowe in delivering the programme containing the information and GKRS in using the programme with that information were acting in breach of confidence.

- [84] Unfortunately, this argument does not stand up to scrutiny. For Paymaster to succeed on this cause of action, they must establish that GKRS used its business plan. Counsel for GKRS points out that there is no evidence that GKRS used Paymaster's Business Plan. Mrs. Joan Marie Powell the Managing Director of GKRS prepared a useful comparison table between Western Union Actual, GKRS Actual, and Paymaster Business Plan Actual which was admitted as Exhibit 2. This was put to Ms. Marks under cross-examination by Counsel for GKRS and she agreed that the items

under the column 'Paymaster Business Plan' accurately summarize her business plan.

[85] From an inspection of the table in Exhibit 2 it cannot be said that any of the plans represents a copy of the other. The service offered by Western Union is a bill payment service but differs from that of Paymaster in that Paymaster collects on behalf of Jamaican companies for their customers while Western Union collects remittances from overseas for their customers.

[86] I find as a fact that GKRS conducted their own independent research and made their own plans prior to starting Bill Express. This is clearly demonstrated by credible evidence given by Paul Goldson in his **Affidavit of 5.9.2000**. He said:

'... in 1996, I made a Power Point presentation to the management of Grace Kennedy & Company Limited setting out the 1st Defendant's direction for the future. ...That although we were familiar with the multi-payment business due to our exposure to the Western Union system, we still felt we needed to do our own research and make our own way in the business. That as result in late 1997 to 1998, we sent one of our Western Union managers in Trinidad, Marcia Chon Tong, to New York for a year to study the business. She acquired knowledge and experience in how the system operated and was able to advise us as to how such a business would operate on a daily basis as well as its software needs. That the 1st Defendant would require among other things software that would allow us to conduct the business efficiently and effectively. We started to source the software. This presented the primary difficulty for us. We located software overseas which we later demonstrated to some of our clients along with software which we obtained from the 2<sup>nd</sup> Defendant, a local owner of software. ...That in order to name the product we conducted a staff poll. ... We decided on the name 'BILL\$XPRESS' and the slogan 'Consider it Paid'. We then set about engaging the services of an artist to create the logo. ... That after two years of

preparation and planning the 1<sup>st</sup> Defendant in or about 1999 rolled out its bill payment product 'BIIL\$XPRESS'.

[87] So it is then, the claim for breach of confidence has not been made out and, consequently, must fail."

[188] In my view the trial learned judge correctly stated the applicable law as well as the relevant issues to be resolved. Having found that GKRS was in possession of Paymaster's business plan and that GKRS had the intention of entering into a contractual relationship with Paymaster, he correctly found that a heavy onus rested upon GKRS to refute the allegation that, they are bound by an obligation of confidence in respect of Paymaster's business plan. In this case, there is no contract between Paymaster and GKRS. The issues therefore are, what it is that suffices to bring an obligation of confidence into operation and what amounts to the breach of that obligation?

[189] Although Paymaster's business plan is not protected by copyright, because as indicated earlier, the contents of Paymaster's script which in fact contains business specifications do not qualify as material attracting copyright, this does not mean that consideration cannot be given as to whether: GKRS received the plan, the plan was of value and in breach of confidence employed it for its own use and benefit to Paymaster's detriment.



## **Did GKRS receive Paymaster's business plan?**

[190] Paymaster produced two business plans. Both were exhibited. The contents of the first are stated as:

"A mission statement, establishment , background, service, Paymaster's services -target customer convenience – reasonable rates to attract client companies- including how Paymaster can best attract serve client companies, how it works, the technology, security insurance, fees, implementation schedule, achievements, collections network , Paymaster's head office to client companies, the architecture, how Paymaster operates, the software, Paymaster's Head Office, locations, Paymaster's service capabilities."

The contents of the second business plan are as follows:

"Mission statement; establishment; background; mission statement; service; Paymasters services target customer convenience; reasonable rates attract client companies; service advantage to client companies include: How Paymaster can best serve client companies; how it works for you; the technology; security and insurance; fees; implementation schedule; achievements; collections network architecture; how we operate; software; Paymaster Head Office; Paymaster Head Office to client companies; locations; Paymaster service capabilities."

[191] In her affidavit of 25 August 2000, Ms Marks stated that the business plan which was sent to the second respondent, included, among other things, Paymaster's operational model, a description of Paymaster's network, and architecture, its expansion plan, its marketing plan and important information on Paymaster's programming and technology personnel .

[192] Paymaster urged that the business plan were given to GKRS. Mr Hylton however, contended that there is no credible evidence that GKRS received it. Mr Goldson testified that he had no recollection of receiving it. The question which now arises is whether GKRS was ever in possession of the business plans. It appears that Mr Goldson's memory in acknowledging receipt of even the first plan failed him. There is evidence from Ms Marks indicating that the business plans were sent to GKRS although she did not state who sent them or when they were sent. Exhibited to her affidavit of 25 August 2000 are minutes of a meeting held on 13 June 2000 at which Mr Gary Cooper, Paymaster's chairman, Ms Marks, Mr Douglas Orane, chief executive officer of Grace Kennedy and Company and Miss Vivienne McKoy, Paymaster's company secretary were present, which disclose that Mr Goldson had expressed an interest in GKRS investing in Paymaster and was subsequently given a copy of Paymaster's business plan. Although it has been shown that only one plan was given to Mr Goldson, in view of the fact that Paymaster and GKRS were involved in investment negotiations, it is reasonable to infer that both plans had been sent to GKRS and GKRS received them.

### **The Law re breach of confidence**

[193] In **Seager v Copydex Ltd**, [1967] 2 All ER 415, Lord Denning MR speaking to the law in respect of breach of confidence said at page 417:

"I start with one sentence in the judgment of Lord Greene MR in **Saltman Engineering Co., Ltd. v Campbell Engineering Co Ltd.** (1948) 65 R.P.C. 213.

'If a defendant is proved to have used confidential information, directly or indirectly obtained from the plaintiff, without the consent, express or implied, of the plaintiff, he will be guilty of an infringement of the plaintiff's rights'.

To this I add a sentence from the judgment of Roxburgh J in ***Terrapin v Builders Supply Co. (Hayes)*** [1960] R.P.C. which was quoted and adopted as correct by Roskill J in ***Cranleigh Precision Engineering Co Ltd v Bryant and Anor*** [1965] 1 WLR 1293; [1966] R.P.C. 81 at 96,

"As I understand it the essence of this branch of the law, whatever the origin of it may be, is that a person who has obtained information in confidence is not allowed to use it as a spring-board for activities detrimental to the person who made the confidential communication, and spring-board it remains even when all the features have been published or can be ascertained by actual inspection by any member of the public.

The law on this subject does not depend on any implied contract. It depends on the broad principle of equity that he who has received information in confidence shall not take unfair advantage of it. He must not make use of it to the prejudice of him who gave it without obtaining his consent. The principle is clear enough when the whole of the information is private. The difficulty arises when the information is in part public and in part private."

[194] The doctrine of equity looks upon that as done which ought to be done or which was agreed to be done. Equity will treat the subject matter as collateral to consequences and incidents as if the final act has been contemplated by the parties. See ***A G v Hubbuck*** (1884) 13 QBD 275.

[195] Although the foregoing cases and authorities in the area of confidentiality concerning copyrights and in this case Paymaster is not entitled to the copyright in the software in the computer programme, the principles distilled from these cases can be

employed to determine whether Paymaster's business plan with its multi-payment system, was unique as it was to Jamaica at the time and was a thing of value which was capable of attracting protection.

### **Was the Business Plan of "necessary quality of confidence"?**

[196] A further question is whether Paymaster's Business Plan was of any "necessary quality of confidence". A claimant must show that the information relayed had the "necessary quality of confidence". Speaking to the question of information having the quality of confidentiality, in **Coco**, Megarry J said at page 420 As Lord Greene said in the Saltman case at page 215 ...:

"Something that has been constructed solely from materials in the public domain may possess the necessary quality of confidentiality: for something new and confidential may have been brought into being by the application of the skill and ingenuity of the human brain ."

He further said:

"I must also return to a further point, namely, that where confidential information is communicated in circumstances of confidence the obligation thus created endures, perhaps in a modified form, even after all the information has been published or ascertainable or is ascertainable by the public; for the recipient must not use the communication as a spring-board (see the Seager case, page 931 and 933). I should add that, as shown by *Cranleigh Precision Engineering Ltd. v Bryant* [1965] 1 W.L.R 1293, [1966] R.P.C 81; the mere simplicity of an idea does not prevent it being confidential (see pages 1309 and 1310). Indeed, the simpler an idea, the more likely it is to need protection."

[197] Although there was no specific contract between Paymaster and GKRS, at the time when the second business plan was delivered to GKRS, the parties were in the process of negotiations with a view to entering into a contractual relationship. An implied obligation of confidence would arise. Applying the reasonable man test, if he were to be asked, "do you think that Paymaster and GKRS, at the outset, had in mind an express agreement that the contents of the business plan should be kept confidential?" His answer would be "but of course".

[198] It is true that the plan contains no financial information or secret formula or processes but it contains a new business concept, a multi-payment system. It was the first of its kind in Jamaica facilitating multi-bill payments by Jamaican customers. It was a novelty in Jamaica in the bill payment field. It contains an important measure of originality. The system offered was unique to the Jamaican public, locally. In contrast, the facility offered and operated by GKRS by way of its Western Union facility was not a multi-payment system offered to the Jamaican Public.

[199] Paymaster's business plan, through its multi-payment concept, has the necessary quality of confidentiality. The circumstances under which it was given to GKRS, would, without doubt, have invited an obligation of confidence.

**Was the plan imparted in circumstances "importing an obligation of confidence"?**

[200] It must be shown that the business plan which was given to GKRS was imparted in circumstances "importing an obligation of confidence". It is a settled principle that

where information to a party was imparted in circumstances which would require the recipient to treat the information confidentially, he is obliged to do so. In making a determination as to whether information disclosed to a party in confidence, should be kept confidential, equity would engage the reasonable man test. In addressing this proposition, in **Coco**, at 420 and 421, Megarry J said:

“It seems to me that if the circumstances are such that any reasonable man standing in the shoes of the recipient of the information would have realised that upon reasonable grounds the information was being given to him in confidence, then this should suffice to impose upon him the equitable obligation of confidence.”

[201] If the circumstances of this case were outlined to a reasonable man, he would have concluded that: Paymaster’s business plan is of commercial value; it was given to GKRS on a business like footing, in that, negotiations were in progress between them; GKRS had been cognizant of the fact that the plan was given to it in confidence and as a consequence, GKRS ought to have kept it confidential.

[202] There can be little doubt that the business plan had been transmitted to GKRS under an understanding of strict confidence. As a consequence, GKRS was bound by an obligation of confidence not to use the plan.

### **Was the plan used to Paymaster’s detriment?**

[203] The final question to be addressed is whether there was unauthorized use by GKRS of the information contained in the business plan. A person who obtains

information confidentially is not permitted to use it as a spring-board for activities resulting in detriment to a claimant.

[204] Ms Marks, in paragraph 19 of her affidavit of 25 August 2000, stated as follows:

“That after gaining the utility contracts and having developed an efficient working system, Paymaster’s attention was turned to expanding the availability of the service to the public by opening additional branches. Still without capital from a major investor, the traditional route of renting, refurbishing and incurring the monthly cost of stand-alone branches was not a feasible one. I therefore decided that in order to expand rapidly and in such a way that would still make the service accessible, we needed to have strategic relationship with key retailers. That the first was the Shopper’s Fair Supermarket chain. In this relationship, the retailer, in exchange for a percentage of the fees charged to client companies, provides Paymaster with booth space, employees, supervisory staff and the overhead costs associated with the operation. By the year 2000, we had opened 45 outlets through the execution of this model.”

[205] GKRS received Paymaster’s first business plan in 1996 and the second in 1998 but it did not start operating its Bill Express facility until early 2000. As stated earlier Mr Brian Goldson, denied that the Paymaster business plan was used by GKRS in developing its bill payment system and stated that GKRS carried out its own research and formulated its own business plan. His evidence was that one of GKRS’s managers was sent to New York for a year to learn the bill payment business and that GKRS prepared a marketing plan by way of its own research. He further said that GKRS registered its trade mark incorporating its logo and identified and executed a contract with a software provider in

the United States. Can it be accepted that GKRS used its research to bring its own plan into operation?

[206] Mrs Joan Marie Powell, an employee of GKRS prepared a comparative table of business plans, in respect of Western Union, Paymaster and GKRS, comprising three columns. Ms Marks admitted that the second column of that table shows what Paymaster intended to do in its business plan. This the learned trial judge accepted.

[207] Mrs Kitson made reference to Mr Goldson's evidence in his affidavit of 5 September 2000, in which he stated that Paymaster's business plan was publicized in an effort to obtain investments. She submitted that despite Mr Goldson's evidence that GKRS had developed its own marketing plan for the purpose of its own bill payment operation yet, in cross examination, he was unable to identify anyone other than GKRS who had obtained a copy of Paymaster's business plan. Mr Goldson, she argued, made reference to Telemidas and Telescotia, both of which were established after 22 August 2000, subsequent to Paymaster instituting these proceedings and this, the learned trial judge failed to have considered.

[208] It is astonishing that, in an effort to assist in showing that GKRS's marketing plan emanated from its own research, the two companies named in GKRS' marketing plan, Telemidas and Telescotia, to which Mr Goldson made reference were not in existence when GKRS began operating its Bill Express as a multi-payment concern in 2000. Even more amazing, is that the plans produced by GKRS were in fact created subsequent to the commencement of these proceedings. This fact is bolstered by the



evidence showing that the companies referred to in GKRS' marketing plan came into existence after the date of the commencement of these proceedings.

[209] Although Mrs Kitson contended that there is evidence from Ms Marks that the Paymaster multi-payment system was developed over many years yet GKRS was able to put into operation its bill payment system within a day this has not been substantiated. Despite this, an examination of the contents outlined in Mrs Powell's table reveals a preponderance of similarities between Paymaster's business plan and that of GKRS.

[210] The process governing the multi-payment system would have been embedded in the software which was in GKRS' possession notwithstanding the second respondent's ownership of it. The concepts and ideas detailed in the multi-payment system are of some value to Paymaster and were available to GKRS only, as there is no evidence that anyone other than GKRS was conversant with the contents of Paymaster's business plan. Paymaster's name and logo appeared on GKRS' computer system, in early 2000 when GKRS commenced operation. In all the circumstances of this case, it is reasonable to infer that GKRS used Paymaster's plan to create its own. It follows therefore that it would have been incumbent on the learned trial judge to have considered whether in light of the evidence, GKRS' marketing plan was created from Paymaster's business plan.

[211] I am firmly of the view that GKRS made use of Paymaster's business plan obtained in confidence and clearly took an unfair advantage of Paymaster while it had

it in its possession. Some of the information in the business plan would have been available to the public and GKRS would have been at liberty to have used such information. However, Paymaster's concepts and ideas in respect of the multi-payment model were private and GKRS should have exercised special care not to have used the information contained therein, prejudicially to Paymaster.

[212] So far as the claim against the second respondent is concerned, Paymaster's particulars of claim in respect of the breach of confidence, has not been proved. Paymaster's statement that the business plan was used by GKRS is insufficient to show that the acquisition of the plan by GKRS through the second respondent. There is no averment in Paymaster's claim from which it can be deduced that it was the second respondent who transmitted the business plan to GKRS. In any event, there is clear evidence that GKRS was in possession of Paymaster's business plan with Paymaster's knowledge and consent. It is obvious that it had been acquired from Paymaster during Paymaster's and GKRS' engagement in negotiations.

## **Ground 12**

[213] In this ground Paymaster's challenge is that the learned trial judge was wrong in finding that the second respondent was the owner of the copyright in the software and could license it to GKRS and therefore, Paymaster's claim for breach of contract and inducing breach of contract failed.

[214] It was Mrs Kitson's submission that the second respondent having had knowledge of Paymaster's information and data as well as its plan and objectives

imparted confidential information to GKRS to which it sent the entire software programme. She contended that even without it being established that the copyright in the head office programme belonged to Paymaster, the second respondent, in transmitting the information to GKRS infringed Paymaster's right by way of a breach of contract. She further argued that GKRS being aware of Paymaster's business plan and the second respondent's connection to Paymaster, induced the second respondent to sell or license Paymaster's property to GKRS.

[215] Mr Hylton submitted that the second respondent being the owner of the software had the right to license it to anyone and, even if evidence existed to show that he communicated Paymaster's confidential information to GKRS, it would be inconsequential in relation to Paymaster's claim of GKRS inducing a breach of contract or that the second respondent breached his contract with Paymaster.

[216] The learned trial judge correctly found that the second respondent was the owner of the copyright in the software and could have licensed it to GKRS. Paymaster purchased a licence from the second respondent. It is clear that the licence sold to Paymaster by the second respondent was done on a non-exclusive basis. The learned authors of *Copinger* in speaking to the question of the effect of acquisition of a non-exclusive licence, had this to say at paragraph 194:

"194. A license therefore passes no interest but merely makes lawful that which would otherwise be unlawful; it is a permission which carries with it immunity from proceedings. A mere license from the copyright owner confers no proprietary interest on the licensee enabling him for example, to bring proceedings in his own name unless

coupled with the grant with other interest, for example, the right to take the property away.”

[217] Where a contract is in existence and a third party with the knowledge of it and with the intent to procure its breach, induces, procures, or persuades one of the parties to terminate the contract, that third party’s act constitutes an actionable breach. See **Lumley v Guy** (1853) 2 E & B 216. Over the years various courts have approved and applied the **Lumley** principle in deciding whether liability arises in a claim for inducing a breach of contract. Recently, the test was eminently distilled in **OBG v Allan and Ors** [2008] 1 AC 1 cited by Mr Hylton. At paragraphs 40 to 42 Lord Hoffmann had this to say:

“ The question of what counts as knowledge for the purpose of liability for inducing a breach of contract has also been the subject of a consistent line of decisions. In *Emerald Construction Co Ltd v Lowthian* [1966] 1 WLR 691, union officials threatened a building contractor with a strike unless he terminated a sub-contract for the supply of labour. The defendants obviously knew that there was a contract - they wanted it terminated - but the court found that they did not know its terms and, in particular, how soon it could be terminated. Lord Denning MR said (at pp, 700 – 701):

‘Even if they did not know the actual terms of the contract, but had the means of knowledge - which they deliberately disregarded - that would be enough. Like the man who turns a blind eye. So here, if the officers deliberately sought to get this contract terminated, heedless of its terms, regardless whether it was terminated by breach or not, they would do wrong. For it is unlawful for a third person to procure a breach of contract knowingly, or

recklessly, indifferent whether it is a breach or not.'

This statement of the law has since been followed in many cases and, so far as I am aware has not given rise to any difficulty. It is in accordance with the general principle of law that a conscious decision not to inquire into the existence of a fact is in many cases treated as equivalent to knowledge of that fact (see *Manifest Shipping Co Ltd v Uni-Polaris Insurance Co Ltd* [2003] 1 AC 469."

[218] Paymaster is a non-exclusive licensee under the CSSREMIT system and also, by extension, under the Paymaster head office system. Any claim of a breach by GKRS in inducing a breaking of the contract could only have arisen if second the ownership of the computer software was vested in Paymaster and it is not. The second respondent, being the duly qualified owner of the software, would have been at liberty to license, sell or dispose of it as he desired. It follows therefore that the second respondent's sale of the licence to GKRS for the use of the software cannot be faulted. It could not be said that Paymaster's copyright had been infringed by GKRS.

[219] Further, the question of breach of contract by the second respondent could not have arisen. The second respondent would have been entitled to license the software to anyone and in doing so, he would not be in breach of contract with Paymaster. It follows that GKRS' purchase of the license from the second respondent could not establish that GKRS induced the second respondent to commit a breach of his contract with Paymaster.

### **Ground 13**

[220] In this ground Paymaster seeks to challenge findings of the learned trial judge as being against the weight of the evidence. It is not sufficient to show that the evidence for the claimant or defendant or the matters which tell for or against either party is wrong. It must be demonstrated that the judge is plainly wrong. In *Ross*, on the Court of Criminal Appeal, 1<sup>st</sup> Ed at page 88, the learned author, although speaking to the challenge of a judge's findings being against the weight of the evidence in criminal cases, the principle is equally applicable to civil cases. The principle was pronounced as follows:

"It is not sufficient to establish that if the evidence for the prosecution and defence, or the matters which tell for or against the appellant, be carefully and minutely examined and set one against the other, it may be said that there is some balance in favour of the appellant. In this sense the ground frequently met with in notices of appeal - that the verdict was against the weight of evidence - is not a sufficient ground. It does not go far enough to justify the interference of the court. The verdict must be so against the weight of evidence as to be unreasonable or insupportable."

[221] It is clear that as a settled principle, an appellate court is slow to disturb the findings of a trial judge. That court is not entitled to impose its own discretion in place of that of the judge unless it is demonstrated that the discretion had been exercised on a wrong principle or there has been a miscarriage of justice. See **Watt (or Thomas) v Thomas** [1947] AC 484; **Industrial Chemical Co (Ja) Limited v Owen Ellis** [1986] 23 JLR 35; **Scott & Ors v Simpson** SCCA No 3/2001 delivered on 30 July 2004; **Green v Green** PCA No 4 of 2002, delivered 20 May 2003, and **Campbell v Royes** [2007] UK PC 566. The court, however, will interfere if it is

shown that the judge had wrongly exercised his discretion in his assessment of the evidence or misapplied the law. See **Hadmor Production Ltd v Hamilton** [1982] 1 All ER 1042, [1983] 1 AC 191.

[222] In arriving at his findings, the learned trial judge was not oblivious to the critical issues in the case in respect of the ownership of the copyright in the computer programme. He, however, made an incorrect finding that it was the custom of the trade that the second respondent was the owner of the software in the computer programme despite the fact that no evidence existed on which he could have made such a finding. This would not have been fatal to his decision, however, since there was very strong evidence supporting a finding that by implication Paymaster was not the owner of the copyright in the computer system. He also erred in finding that GKRS did not use Paymaster's business plan to its detriment.

[223] I would allow the appeal against GKRS, dismiss GKRS' counter notice of appeal and award costs to Paymaster against GKRS but would dismiss the appeal against the second respondent and allow the second respondent's counter notice of appeal and award costs to him.

I wish to offer my profound apology for the delay in the delivery of this judgment which is due to certain unforeseen circumstances.

## **McINTOSH JA**

[224] I have read in draft the judgment of my sister Harris JA. I agree with her reasoning and conclusion and have nothing to add.

## **LAWRENCE-BESWICK JA (AG)**

[225] I have read the draft judgment of my sister Harris JA and agree with her reasoning and conclusion. I have nothing to add.

## **HARRIS JA**

### **ORDER**

1. The appeal is allowed against GKRS.
2. GKRS' counter notice is dismissed.
3. Judgment is awarded in favour of Paymaster Jamaica Ltd against GKRS with damages to be assessed.
4. The appeal against the second respondent is dismissed.
5. The second respondent's counter notice of appeal is allowed.
6. Judgment is awarded to the second respondent with damages to be assessed.
7. There should be an enquiry into damages, in pursuance of the undertaking given by Paymaster.
8. Costs are awarded to Paymaster against GKRS to be agreed or taxed.
9. Costs are awarded to the second respondent against Paymaster to be agreed or taxed.