DISTRICT COURT OF QUEENSLAND

CITATION:	*Vertex Systems OY v Topline Steel Pty Ltd* [2024] QDC 54
PARTIES:	**VERTEX SYSTEMS OY, company incorporated in Finland [Business ID: 0289214-5] (plaintiff/respondent)** **v** **TOPLINE STEEL PTY LTD (ACN 652 929 014) (defendant/applicant)**
FILE NO:	3643 of 2023
DIVISION:	Civil
PROCEEDING:	Interlocutory application
ORIGINATING COURT:	Brisbane District Court
DELIVERED ON:	10 April 2024 (*ex tempore*)
DELIVERED AT:	Brisbane
HEARING DATE:	6 March 2024 and 10 April 2024.
JUDGE:	Byrne KC DCJ
ORDER:	**Application refused.**
CATCHWORDS:	APPLICATION – STAY OF PROCEEDINGS – where the defendant seeks an order that the proceedings be stayed pursuant to section 20 of the *Service and Execution of Process Act 1992* (Cth) – where the defendant submits that the New South Wales District Court is the more appropriate Court - where the defendant submits that evidence will likely need to be adduced from its employees, or director, or someone associated with the business, who are based in New South Wales – where the plaintiff will have to call at trial a witness or witnesses from Queensland - where the plaintiff submits that this Court cannot be satisfied that the New South Wales District Court is the appropriate Court and should not exercise its discretion to stay the proceedings – where the matters in section 20(4) of the *Service and Execution of Process Act 1992* (Cth) must be given consideration – whether the courts of both Queensland and New South Wales are the appropriate court.
LEGISLATION:	*Copyright Act 1968* (Cth) s 115. *Service and Execution of Process Act 1992* (Cth) ss 20, 20(4). Uniform Civil Procedure Rules rr 7, 16, 16(g), 144(4).

CASES: *Joshan v Pizza Pan Group Pty Ltd* (2021) 106 NSWLR 104.
Programmed Maintenance Services Limited v The Shell Company of Australia Ltd [2000] QDC 249.
St George Bank Ltd v McTaggart [2003] 2 Qd R 568.

COUNSEL: Mr. C. Curtis for the plaintiff/respondent.
Ms R. Thrift for the defendant/applicant.

SOLICITORS: HWL Ebsworth for the plaintiff/respondent.
Squire Patton Boggs (AU) for the defendant/applicant.

Introduction

[1] On 8 December 2023, the plaintiff commenced proceedings in the Brisbane Registry of the District Court of Queensland seeking damages, including additional damages, under a section 115 of the *Copyright Act 1968* (Cth) totalling $151,000 or in such amount as the Court deems appropriate not exceeding the maximum monetary jurisdiction of this Court, together with interests and costs. The amount specifically pleaded sits above, albeit barely above, the maximum monetary jurisdiction of the Magistrates Court in this State. However, as the plaintiff's Counsel correctly submits, it also seeks, in the alternative, an account of profits, which is a remedy not available in the Magistrates Court.

[2] On 2 February 2024, the defendant filed a conditional notice of intention to defend, in effect, asserting the appropriate jurisdiction for the dispute is that of the District Court of New South Wales. The defendant then brought the present application on the 21 February 2024. In it, it seeks orders that proceedings be stayed pursuant to section 20 of the *Service and Execution of Process Act 1992* (Cth) ("SEPA"). Secondly, it seeks an order that the plaintiff refile their originating process in the District Court of New South Wales within seven days of the proceedings being stayed. Thirdly, the plaintiff pay the defendant's costs of the application and any other orders that are considered appropriate.

[3] It is convenient to note at this point that, in written submissions, the defendant referred to a suggestion that the commencement of proceedings could be in the Federal Court within a New South Wales Registry. It has been clarified, in the course of oral submissions, that that simply has the effect of squarely focussing the geographical location of the trial as being the issue rather than the precise Court, and it is accepted that the order could not be made under section 20, even if I were of the view that the appropriate Court was the Federal Court. I further note – as an aside – that I very much doubt that I, in any event, have the power to order in the absence of consent, that the proceedings be commenced in a particular registry of the Federal Court given it is exactly that; a federal court.

[4] Following an earlier hearing of this application, the defendant has now filed a draft defence in an effort to assist with understanding the issues in dispute. Broadly speaking – and I emphasise this is very broadly speaking – the plaintiff alleges that

the defendant copied and used copyrighted software developed and owned by the plaintiff on a number of occasions over a 14-month period in breach of that copyright. The defendant's Counsel has helpfully summarised the issues in dispute given the filing of the draft defence, which summary was not taken express issue with by Counsel for the plaintiff. Again broadly speaking, the issues are firstly, whether the ownership of this software, in fact vested in the plaintiff. Secondly, whether the defendant infringed any copyright in the software, which will – it is accepted in submissions – raise a number of sub-issues. Thirdly, whether the circumstances of the infringement, if any occurred, would be considered to be flagrant. Fourthly, the assessment of damages and fifthly, the account of profits.

[5] The plaintiff is a Finnish entity. It has its sole physical presence through a subsidiary company in this country, based in Queensland. It employs some people at that office, although it is not entirely clear to me how many. One manages the business affairs for the subsidiary and at least some of them appear to be concerned with technical matters relating to the software, which is the subject of the proceedings. Although I will return to the issue, it is sufficient for me to say at this stage that based on the filed material it seems likely that at least one, if not more of them, will be required to testify at any trial.

[6] The defendant is a corporate entity based in New South Wales, and as I understand it, only operates within New South Wales. The submission is that any copying and/or use of the software by any employees of that company must have occurred only within the State of New South Wales. There is merit in that submission.

[7] Some correspondence between a person purporting to be a representative of the defendant and the solicitors for the plaintiff, introduced into evidence for the purposes of this application, may be taken to suggest that there had previously been an acceptance, either by the defendant or by the person who wrote the email, that the copyrighted material had been used by an employee or employees of the defendant to some unspecified extent and that it had been improperly downloaded into the business system of the defendant. The correspondence raises the prospect that that occurred without the knowledge of the defendant. The draft defence expressly asserts that the employee did not have authority to respond to a particular piece of correspondence referred to in the statement of claim, and it may be inferred that the defendant's position is that there was no authority of that person to respond on behalf of the defendant.

[8] By filing a conditional notice of intention to defend, the defendant was required under rule 144 (4) of the Uniform Civil Procedure Rules ("UCPRs") to bring an application contemplated by rule 16 within 14 days. Although the form of the present application does not refer to rule 16, it is an application of the type contemplated by rule 16 (g), namely an application for a stay. In my view, the defendant should be taken to have made such an application. The approach that I adopt is consistent with that taken by McGill SC DCJ in *Programmed Maintenance Services Limited v The Shell Company of Australia Ltd* [2000] QDC 249 at [2].

[9] While the application was not filed within the stipulated time, the plaintiff has not taken the point and has, understandably, preferred to meet the present application on its merits. The time period should be taken to have been extended to the date of filing of the present application pursuant to the powers under rule 7 of the UCPR.

[10] Some of the law concerning an application of this nature should be identified. It is argued that there are two stages to the consideration of the application. Whether these are, in truth, two stages or simply two aspects to the one consideration is a moot point. I will adopt the phraseology of there being two stages because it is a little more convenient for phraseology purposes.

[11] The first stage is satisfaction, under section 20 of SEPA, that the District Court of New South Wales is "the appropriate Court". The second stage requires satisfaction in the exercise of a discretion that the stay should be granted to facilitate, in this case, the commencement of proceedings in New South Wales. The standard of satisfaction for the first stage, under section 20 of SEPA is on the balance of probabilities and not on some other test that has, on occasions, been adopted in applications of this nature or, arguably, cognate applications; see *St George Bank Ltd v McTaggart* [2003] 2 Qd R 568 at [17] and *Joshan v Pizza Pan Group Pty Ltd* (2021) 106 NSWLR 104 at [12] and [76] – [78].

[12] The meaning of the phrase "the appropriate Court" deserves some attention. In *St George Bank*, at paragraphs [10] and [20], Justice McPherson considered the issue was "*which Court has the most real and substantial connection and which can therefore be regarded as the natural forum*". This is an explanation of or addition to the statutory test. Curiously, at paragraph [9], his Honour had avoided placing a gloss on the term "the appropriate Court", as he noted had been done in an earlier Victorian decision.

[13] Subsequently, Justice Bell in *Joshan* at paragraph [54] observed that, of course depending on the factual circumstances, there might be more than one appropriate Court and, further, that the appropriate Court may not necessarily be the more convenient Court. Justices Gleeson and McCallum agreed.

[14] Ultimately, what is the appropriate Court is an evaluative judgment taking into account all of the relevant features. Whether that evaluation occurs and then feeds into a second stage or is part of the overall issue of a discretion being exercised to stay the proceedings is, as I have noted, a moot point, at least for today's purposes.

[15] Section 20(4) of SEPA contains a non-exhaustive list of features that must be taken into account. Further, it mandates that the fact that proceedings have already been commenced in this jurisdiction is of no relevance. Otherwise, the features in paragraphs (a) through to (f) inclusive must be given consideration.

[16] For the purposes of the present proceedings, it seems to be common ground that the matters listed in paragraphs (c), (d) and (e) are of no application for present purposes. I will note this though; for the purposes of paragraph (e), any difference

between the laws as between New South Wales and Queensland appear to go to practice and procedure only. They are not contended to be significant or, if I have misunderstood that, I do not consider them to be significant and hence it is a neutral point.

[17] Importantly, it is uncontested that both the District Court of this State and the District Court of New South Wales have the necessary powers and jurisdiction to dispose of the matter if proceedings were commenced in either State in the terms of the current claim and statement of claim.

[18] The essence of the defendant's submissions is that it is likely that evidence will need to be adduced from the defendant's employees, or director, or someone associated with the business given the nature of the allegations. Helpful and detailed submissions have been made to that effect concerning the five matters in dispute today, and I will not repeat them. I do, however, note that it is unclear to me precisely how many people will be required to testify. Although I ingloriously used the phrase "*educated guess*" in the course of submissions, the submission is made based on experience, that it will certainly be one person – and there may be other persons - associated with the defendant who will be required to testify. I think it is fair to accept that there will likely be one or, perhaps more, others.

[19] Further, the defendant submits that, given the nature of the defendant's business operations, its locality and, hence, the locality of those associated with it, it is likely that any unauthorised use, if proven, occurred in New South Wales. Hence, it is argued, for the purposes of section 20(4)(b), that the subject matter of the proceeding is situated in New South Wales. I will return to this point.

[20] On the other hand, the defendant has indicated through its draft notice of defence an intention to plead non-admissions to matters such as proof of the development and ownership of the subject software and the exclusive right to reproduce the software. It is clear that at least the man that I will refer to as the locally based director of the plaintiff will be required to testify. It seems to me to also be likely that there would be at least one or perhaps more witnesses also to be called in proof of the matters that had been put in dispute by the draft Defence. It is not clear to me whether those others will be people who are resident in Queensland or, indeed, be called from Finland or somewhere else.

[21] Further, the draft defence puts in issue the quantum of damages and the calculation of them. This, it seems to me, will be a matter which will be intensive in terms of the evidence to be adduced by the plaintiff.

[22] As to the issue under paragraph (a) as to the places of residence of the parties and of the witnesses likely to be called, it seems to me that I cannot determine with greater accuracy than what I have already mentioned the number of witnesses required for the trial and where they are to be located.

[23] I note that the defendant's Counsel did not demur to the proposition that the trial may be able to be disposed of in one day.

[24] It can be accepted that any unauthorised use and, indeed, copying, if proven, was likely to have occurred in New South Wales on the material before me. However, the act or acts giving rise to that liability are not, in my view, of such a nature that there is something intrinsically important about where the conduct occurred. The alleged copying and usage of copyrighted software does not have that quality about it where the geography is of a particular issue. To put it blithely, copying and usage of software in one place can be presumed to be largely the same as copying and usage of software in another place unless there is some specific factual feature that creates a difference. None is alleged here.

[25] The plaintiff is a Finnish entity. It is said by its Counsel that part of the subject matter of the proceedings under paragraph (b) is the loss to that plaintiff, hence a loss suffered in Finland. That, however, I think, needs to be seen in light of the plaintiff's submissions dated 4 March 2024 which refers, I think accurately, to the loss being suffered by a Finnish company which operates in Australia through a Queensland-based subsidiary. It is through the actions of the Federal Government of this country that the ability to sue by an overseas entity has been preserved. That overseas entity has its sole presence in this country within the State of Queensland, and in that sense, admittedly through a subsidiary, it is a Queensland entity.

[26] The plaintiff relies also on the application of what I will refer to as matters of convenience, in that the plaintiff has engaged the same solicitors in what is now the fourth action of this nature, the others involving different defendants. It is, in effect, submitted that there is a saving and advantage in the same practitioners being involved in terms of acquired knowledge and understanding of the workings of the copyrighted material. The defendant counters broadly with an assertion that this is nothing more than an aspect of where the proceeding was commenced and hence cannot be taken into account. I do not agree.

[27] There seems to me to be some advantage in having legal representation that is familiar with technicalities of the allegations, particularly where the plaintiff will apparently be put to proof on matters of that nature over and above the inconvenience and extra expense of conducting proceedings interstate. It is an additional dimension over the mere fact that proceedings are already underway here.

[28] It is true, as is submitted by the defendant, that the solicitors for the plaintiff are a national firm and so it is not a situation where a complete change of solicitors would be required; however, it seems to me, that that ignores the practicality that the particular practitioner is the one who is imbued with the knowledge rather than the firm itself.

[29] The defendant also, I think with some force, submits that there is no proof as to the extent of the previous proceedings and, hence, as to the advantage to be gained, that

is, that it is simply a broad assertion made, that this is the fourth – or perhaps there were four others, I am unclear at present – proceedings in the District Court of Queensland.

[30] On balance I accept the submission by the plaintiff's counsel that it is a modest advantage, in light of those submissions, but one which is legitimately enjoyed.

[31] It really seems to me, as both Counsel have submitted, that the real issue here is found under paragraph (a): the places of residence of the parties and of the witnesses likely to be called in the proceeding.

[32] I should, before making that observation, have also observed that the flipside to the issue that is raised as to the previous proceedings is that it is relevant that the defendant may suffer some disadvantage if the application is not granted by the additional expense of either defending proceedings interstate or by changing solicitors.

[33] Returning to paragraph (a), as I think I have alluded to generally but I will make clear, I think there is some likelihood that expert witnesses will be required to testify at the trial. I cannot adduce anything with confidence as to where they come from except that it is likely that some will be called by the plaintiff whether they are employed by the plaintiff itself and, if so, whether in Australia or from Finland. Their place of residence, it seems to me, is a neutral consideration on the application.

[34] In all of the circumstances, it seems to me that this is very finally balanced, but I find that the application fails as to matters of proof; that is, that the standard has not been reached to persuade me that the District Court of New South Wales, or indeed any Court of New South Wales, is the appropriate Court. It seems to me, to adopt the phraseology of Justice Bell, that the Courts of each of Queensland and New South Wales are the appropriate Court to litigate the dispute.

[35] This raises, then, the next matter as to the issue of the discretion. Justice Bell observed in *Joshan* at paragraph [64], that it would be a rare occasion where a stay may be refused if the Court of another State meets the description of being the appropriate Court to determine all matters in dispute between the parties. It also seems to me it will be a rare occasion that, where satisfaction has not been reached on the matters under paragraphs (a) to (f) and the caveat to them, a stay would be granted under s 20 of SEPA.

[36] The application is refused.

Note: Ancillary orders as to costs and other procedural matters were made, but do not form part of these written reasons.