

SUPREME COURT OF QUEENSLAND

CITATION: *Menkens & Anor v Wintour & Anor* [2010] QSC 360

PARTIES: **LEO IGNATIUS GEORGE MENKENS**
(First Plaintiff)

and

REID MATTHEW MENKENS
(Second Plaintiff)

v

ROBERT DESMOND PETER WINTOUR
(First Defendant)

and

NORTH COAST WOOD PANELS PTY LTD
ACN 071 968 771 T/AS STANTIUM
(Second Defendant)

FILE NO: BS 1975/06

DIVISION: Trial Division

PROCEEDING: Trial

ORIGINATING COURT: Supreme Court at Brisbane

DELIVERED ON: 24 September 2010

DELIVERED AT: Brisbane

HEARING DATE: Written submissions on 8 and 14 September 2010

JUDGE: McMurdo J

ORDER: **1. The plaintiffs must now elect between the remedies of equitable compensation and an account of profits.**
2. The plaintiffs are directed to deliver to the associate to PD McMurdo J and to the defendants within seven days of this ruling a document by which that election is made.

CATCHWORDS: INTELLECTUAL PROPERTY – CONFIDENTIAL INFORMATION – REMEDIES – EQUITABLE COMPENSATION OR ACCOUNT OF PROFITS – where the trial was conducted by each side on the basis that all matters in issue would be determined within the one judgment – where extensive evidence was led by each side on quantum – whether the plaintiffs have elected, or are now obliged to elect between the remedies of equitable compensation and an account of profits.

Artistic Builders Pty Ltd v Elliot & Tuthill (Mortgages) Pty Ltd [2002] NSWSC 16

Dr Martens Australia Pty Ltd & Ors v Bata Shoe Company of Australia Pty Ltd (1997) 75 FCR 230

GM & AM Pearce & Co Pty Ltd v Australian Tallow Producers [2005] VSCA 113

Island Records Ltd v Tring International Plc & Anor [1995] 3 All ER 444

LED Builders Pty Ltd v Eagle Homes Pty Ltd (1996) 70 FCR 436

Personal Representatives of Tang Man Sit v Capacious Investments Ltd [1996] 1 AC 514

Warman International Limited & Anor v Dwyer & Ors (1994) 182 CLR 544

COUNSEL: S Couper QC with M Hodge for the plaintiffs
C Wilson for the defendants

SOLICITORS: Hawthorn Cuppaidge & Badgery for the plaintiffs
Herbert Geer for the defendants

- [1] This is a ruling as to whether the plaintiffs have elected, or are now obliged to elect between the remedies of equitable compensation and an account of profits. The issue is the subject of written submissions provided by each side since the conclusion of the hearing.
- [2] There was no order that liability issues be tried in advance of other questions. Each side apparently conducted its case on the basis that all matters in issue would be determined within the one judgment. Extensive evidence was led by each side on quantum and the first defendant was cross-examined on subjects which were relevant to the alternative remedy of an account of profits. Ultimately, the plaintiffs addressed upon the proper quantification of their claim for equitable compensation. But at the same time they made it clear that they wish to keep open the alternative remedy of an account of profits.
- [3] In their subsequent written submissions, the plaintiffs contend as follows:
The Court should not leave unresolved issues that arose on the evidence put before the Court during the trial. This would include the issues going to the factual question of the amount of equitable compensation to which the plaintiffs would be entitled if they elected for that remedy. Lay and expert evidence was heard that goes to that question. The Court should resolve the question.

The plaintiffs' position then is that I should proceed to assess the amount of the compensation but that I should stop short of entering judgment for that amount (assuming the plaintiffs are successful) to allow the plaintiffs to elect. That course is said to be warranted by the fact that there is a legal question which will affect the quantification of equitable compensation which is to be resolved within that assessment, and that until that question is resolved, the plaintiffs are not fairly placed to make an informed decision. The argument refers to authorities which have held that a plaintiff should not be required to elect until the plaintiff is able to make

an informed choice: *Island Records Ltd v Tring International Plc*;¹ *Artistic Builders Pty Ltd v Elliot & Tuthill (Mortgages) Pty Ltd*.² However, that proposition concerns the need for a plaintiff to be sufficiently informed of relevant facts. The present argument goes further by suggesting that a litigant needs the benefit of a legal ruling and an assessment. In effect, the plaintiffs wish to have an advisory opinion from the Court.

- [4] In *LED Builders Pty Ltd v Eagle Homes Pty Ltd*,³ Lindgren J considered a submission by a plaintiff, seeking relief for copyright infringement, that it was entitled to defer its election until reasons for judgment upon quantum, in respect of damages and alternatively an account of profits, had been delivered. He summarised the submission as being:⁴

... [i]n substance, that it is entitled to be informed by means of the further reasons for judgment to be delivered of the trial judge's decisions on issues of fact and of law, and of the amounts which it would obtain as damages and as profits respectively (or the means of calculating those amounts).

Lindgren J rejected the submission as follows:⁵

Acceptance of this submission would require that the Court conduct in the one hearing an inquiry into damages and into profits, then give, as it were, an advisory opinion founded on its resolution of factual and legal issues arising in the course of both forms of inquiry.

I do not accept the submission. I do not think that principle or authority required that LED be placed in a position in which it is entitled to be 'informed' by the Court to this extent before it is called upon to make its election.

- [5] In *Dr Martens Australia Pty Ltd v Bata Shoe Company of Australia Pty Ltd*,⁶ Goldberg J agreed with that judgment, insofar as it had held that the Court was not required to give an advisory opinion. In the present case, the Court is not asked to quantify now both compensation and profits. But it is asked to quantify the former and to resolve what is said to be a legal issue affecting that quantification. In my view, what is proposed here is that the Court's assessment of compensation would be advisory and not determinative, at least at the point at which the judgment would be pronounced.
- [6] The plaintiffs rely upon some statements to the effect that the election need not be made *before* judgment, but may be made at the time of judgment. In *GM & AM Pearce & Co Pty Ltd v Australian Tallow Producers*,⁷ Warren CJ (with whom the other members of the Court agreed) so stated, citing *Tang Man Sit v Capacious Investments Ltd*,⁸ where Lord Nicholls of Birkenhead, delivering the judgment of the Privy Council, said:

¹ [1995] 3 All ER 444, 447.

² [2002] NSWSC 16, [159]-[161].

³ (1996) 70 FCR 436.

⁴ *Ibid*, 450.

⁵ *Ibid*.

⁶ (1997) 75 FCR 230, 236.

⁷ [2005] VSCA 113, [56].

⁸ [1996] 1 AC 514, 521.

Faced with alternative and inconsistent remedies a plaintiff must choose, or elect, between them. He cannot have both. The basic principle governing when a plaintiff must make his choice is simple and clear. He is required to choose when, but not before, judgment is given in his favour and the judge is asked to make orders against the defendant. A plaintiff is not required to make his choice when he launches his proceedings. He may claim one remedy initially, and then by amendment of his writ and his pleadings abandon that claim in favour of the other. He may claim both remedies, as alternatives. But he must make up his mind when judgment is being entered against the defendant. Court orders are intended to be obeyed. In the nature of things, therefore, the court should not make orders which would afford a plaintiff both of two alternative remedies.

In the ordinary course, by the time the trial is concluded a plaintiff will know which remedy is more advantageous to him. By then, if not before, he will know enough of the facts to assess where his best interests lie. There will be nothing unfair in requiring him to elect at that stage.

Those statements involve the need for an election before the entry of judgment because of its final effect at that point when, as Lord Nicholls said, such an order is intended to be obeyed. But they are not supportive of the course which is proposed here, which is apparently the publication of reasons for judgment which would go beyond a declaration of breaches of fiduciary duty and which would offer a non-determinative opinion upon the amount of compensation, whilst leaving open the alternative remedy of an account of profits.

- [7] The plaintiffs sought some support from the orders made in *Warman International Limited v Dwyer*.⁹ In that case the plaintiff was granted an account of profits by the trial judge, but the Court of Appeal set aside that judgment and held that the plaintiff was entitled to recover only its loss flowing from the breaches of duty. It ordered that the matter be remitted to the trial judge for the assessment of that loss. The High Court allowed the plaintiff's appeal but held that an account of profits ought to be calculated differently from the method adopted by the trial judge. Because the High Court did not have sufficient material to determine what should be the profits to be awarded to the plaintiff, it decided to delay the making of final orders in the appeal for seven days to allow the plaintiffs the opportunity to seek to retain the order for equitable compensation which had been made by the Court of Appeal in preference to an order for an account of profits. Absent an application to retain the benefit of that order within that period, the High Court held that there should be final orders for an account of profits. That outcome does not assist the present plaintiffs on this question. *Warman International Limited v Dwyer* provides no support for the course which is proposed here of an advisory opinion. Rather, the plaintiff in that case was effectively put to its election before the profits were to be quantified.
- [8] The defendants have submitted that the plaintiffs have already elected to seek equitable compensation, because having led evidence going to both remedies, they

⁹ (1994) 182 CLR 544.

did not make submissions as to the assessment of profits. That submission cannot be accepted. In the course of the oral address for the plaintiffs, it was made clear that the plaintiffs were not then electing.

- [9] It may be that the plaintiffs' present position is the result of some concern that they have not investigated sufficiently the facts relevant to an account of profits. However, if that is the case, it is the plaintiffs' fault that they are in that predicament. Ultimately, there was no submission that the defendants' disclosure was insufficient or that for some other reason the plaintiffs had not been in a position to obtain all of the facts in preparation for the trial.
- [10] It would be unfair to the defendants to have to undergo another hearing, in which there would be an account of profits (assuming that the plaintiffs are successful). The evidence at this trial has already canvassed both equitable compensation and profits. Accordingly, justice would not be served by, for example, making orders only by way of declarations in favour of the plaintiffs if they are successful on liability issues, leaving both compensation and profits to be assessed subsequently.
- [11] The outcome is that the plaintiffs must now elect. I will direct that the plaintiffs deliver to my associate and to the defendants within seven days of this ruling a document by which that election is made.