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THE FUTURE OF DESIGN PROTECTION IN THE UNITED STATES: AN ANALYSIS OF THE PROPOSED DOMESTIC SYSTEM IN VIEW OF RECENT DEVELOPMENTS IN THE UNITED KINGDOM, NEW ZEALAND, AND AUSTRALIA

The concept of industrial design developed late in the nineteenth century.¹ With the advent of mass production, manufacturers realized that functional consumer products could be improved through the application of aesthetically pleasing design features. The practice of designing functional products with some thought to aesthetics, or "industrial design," was quickly accepted because aesthetically pleasing products outsold less attractive products in the marketplace.² As the significance of good design became apparent, industrial designers saw a need to protect their creations from others who chose to copy successful designs so as to avoid the costs of development. In response, the industrial nations of the world have developed various forms of protection for industrial designs.³

The United States has stood alone throughout this century with a singularly inadequate form of design protection.⁴ The design pat-

1. Industrial design has its roots in the division of design and production which occurred during the Industrial Revolution. Before that time, design and production had been united in the individual craftsman. The first attempt to reunite manufacture and design in the industrial age arose out of the Arts and Crafts movement in late nineteenth century England. Craftsmen "revolted against the derivative cheapness and ugliness of machine-made products and attempted to resurrect the ideals of good craftsmanship by resurrecting the craftsman himself." R. CAPLAN, *BY DESIGN* 40 (1982).

The Arts and Crafts movement did not succeed in turning back the clock, but it did force manufacturers to think anew about how machine-made products should look. The initial response of industry was to reintroduce design in the form of "applied art," art that was literally applied to a product at the end of the production process. Applied art has remained as one approach to design, but industrial design took its greatest step forward with the formation of the Bauhaus in the early 1920's. The Bauhaus emphasized the importance of geometry, precision, simplicity, and economy, and introduced the maxim that form should follow function. See generally *id.* at 32-33, 39-40; C. LORENZ, *THE DESIGN DIMENSION* 10-24 (1986).

2. "Between two products equal in price, function, and quality, the better looking will outsell the other." R. LOEWY, *INDUSTRIAL DESIGN* 10 (1979).

3. Summaries of the design protection laws throughout the world are readily available. See, e.g., *Manual for the Handling of Applications for Patents, Designs and Trade Marks throughout the World* (Octrooibureau los en Stigter, Amsterdam) (1986). The legal and economic significance of protection by designs and models has recently received extended consideration from the Association Internationale pour la Protection de la Propriete Industrielle (AIPPI). See AIPPI *Annuaire* 1985/III.

4. See 133 CONG. REC. E49 (daily ed. Jan. 7, 1987) (introductory remarks of

ent system, ostensibly intended to promote the ornamental design of useful articles, has failed to effectuate its purpose because of the strict requirement that designs must be unobvious to be patentable.⁵ The concept of obviousness is borrowed from the law of useful inventions and has had disastrous results as applied to designs. In addition, copyright is generally not available as an alternative for designers because Congress has excluded the general domain of industrial design from copyright protection.⁶

Many bills have been introduced in Congress over the years which have proposed a modified copyright approach to the design protection dilemma.⁷ In January of 1987, Representative Carlos J. Moorhead of California introduced the most recent bill to create a new form of protection for industrial designs. This bill would provide ten years of copyright-like protection for original industrial designs.⁸

In contrast to the United States, viable forms of design protection exist in the United Kingdom,⁹ New Zealand,¹⁰ and Australia.¹¹

Representative Carlos J. Moorhead regarding newly proposed legislation for the protection of industrial designs).

5. See 35 U.S.C. § 171 (1982) (design patent statute). Section 171 incorporates by reference section 103 of Title 35, which sets forth the test for obviousness. See 35 U.S.C. § 103 (1982). See *infra* notes 25-33 and accompanying text for a more extended discussion of the obviousness test.

6. See *infra* notes 37-58 and accompanying text.

7. The first legislative efforts to create a new system of protection tailored to the needs of industrial designers took place in 1914. *In re Nalbandian*, 661 F.2d 1214, 1218 n.1 (C.C.P.A. 1981) (Rich, J., concurring) (discussion of reform attempts). Attempts at reform have been more or less continuous since that time. A listing of the various bills up to 1975 was recorded in the House hearings of that year on copyright law revision. See *Copyright Law Revision: Hearings on H.R. 2223 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 94th Cong., 1st Sess. 1007 (1975).

Design protection proposals have been introduced in each of the last several Congresses. See Wamsley, *Legislation — Enacted and Proposed — Changing U.S. Intellectual Property Law*, in DEVELOPMENTS 1985 at 321, 342 (D. Banner, ed.) (address delivered at the 29th Annual Conference on Intellectual Property Law, The John Marshall Law School, Feb. 21, 1985). Two recent developments suggest that Congress may be more likely to enact such legislation today than it was in the past. First, Congress recently passed legislation to protect semiconductor chips which was substantially modelled after the recent design protection proposals. *Id.* Second, the Justice Department, which in the past opposed new design protection legislation, see *infra* notes 62-63 and accompanying text, has now turned full swing to promote increased protection for intellectual property. See R. Andewelt, Address to the Patent, Trademark and Copyright Section of the American Bar Association (London, July 16, 1985) (discussing Antitrust Division's perspective on intellectual property), reprinted in 30 PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 739, at 319 (July 25, 1985); McMahon, *Patents Better Protected, But Look Who's Getting Them*, Wall St. J., Mar. 4, 1986, at 28, col. 3.

8. H.R. 379, 100th Cong., 1st Sess. (1987). H.R. 379 is similar in many respects to its immediate predecessor, H.R. 1900, 99th Cong., 1st Sess. (1985).

9. See *infra* notes 66-140 and accompanying text.

10. See *infra* notes 145-206 and accompanying text.

11. See *infra* notes 207-228 and accompanying text.

In the United Kingdom, controversial developments in the field of design protection over the past decade have spurred efforts toward legislative reform.¹² Similarly, in New Zealand, recent case law developments have had a striking effect on the scope of protection for designs.¹³ Australia has the most modern comprehensive legislation in the area of design protection, having enacted major amendments to its design legislation in 1981.¹⁴ The experiences of these countries in the field of design protection constitute a valuable comparative backdrop against which the most recent American proposal may be judged.¹⁵

This article will examine the current status of design protection in the United States and identify the inadequacies inherent in the present system.¹⁶ The discussion will then shift to consider the much stronger systems of design protection which exist in the United Kingdom, New Zealand, and Australia. The article will demonstrate that while the United States has largely neglected protection for designers, the Commonwealth countries have created such broad systems for the protection of designs that competition

12. See INTELLECTUAL PROPERTY AND INNOVATION, CMND. 9712 (Apr. 1986); see also *infra* notes 127-40 and accompanying text.

13. See, e.g., *Johnson & Assocs. v. Bucko Enters.* [1975] 1 N.Z.L.R. 311 (N.Z.S.C.) (expanding scope of copyright to include industrial designs); *Wham-O Mfg. Co. v. Lincoln Indus.* [1984] 1 N.Z.L.R. 641 (N.Z. Ct. App.) (upholding copyright in toy flying discs); *Alwinco Prods. Ltd. v. Crystal Glass Indus.* [1985] 1 N.Z.L.R. 716 (N.Z. Ct. App.) (finding infringement of copyrighted design for caravan window frame); *Frank M. Winstone Ltd. v. Plix Prods. Ltd.* [1985] 1 N.Z.L.R. 376 (N.Z. Ct. App.) (granting effective monopoly to owner of copyright in kiwi fruit shipping trays).

14. Designs Act 1906-1981 (Aust.).

15. Proponents and opponents of design protection legislation in many respects must base their arguments on speculation and assumptions because the United States has never had a viable form of design protection. See, e.g., Denicola, *Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles*, 67 MINN. L. REV. 707, 727 (1983). Thus, the experiences of other nations which have such protection provide a more objective basis for analysis. Opponents of design protection have suggested that increasing protection for designs would not serve the goal of promoting the art of industrial design. See, e.g., *id.* at 722-23. An analogy to the patent system refutes this charge. If "free riders" may copy useful inventions with no fear of retribution, investment into research and development is discouraged. McMahon, *supra* note 7, at col. 4. In contrast, "companies that invest heavily in research and development have about three times the growth rate, twice the productivity rate, one-sixth the price increases and nine times the employment growth of companies with low R&D investment." *Id.* Protection of creative efforts through intellectual property law therefore benefits both the intellectual property owner and society as a whole. See *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539 (1985) (copyright); *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176 (1980) (patents); *International News Serv. v. Associated Press*, 248 U.S. 215 (1918) (general field of intellectual property); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916) (trademarks); *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423, 1430 (7th Cir. 1985), *cert. denied*, 106 S. Ct. 1801 (1986); Baird, *Common Law Intellectual Property and the Legacy of International News Service v. Associated Press*, 50 U. CHI. L. REV. 411 (1983).

16. See *infra* notes 17-58 and accompanying text.

has significantly suffered as a result. Finally, the proposal embodied in the Moorhead bill is reviewed. The article concludes that the modified copyright approach of the Moorhead bill would create a much improved system of design protection in the United States without significantly hindering competition, and recommends that the bill be enacted.

CURRENT STATUS OF DESIGN PROTECTION IN THE UNITED STATES

The current United States system of design protection excludes many worthy designs. Two avenues are open to the designer who creates an ornamental design for a useful article. First, the designer may apply for a design patent.¹⁷ Second, the designer may attempt to copyright his design.¹⁸ Only a few designs, however, are the appropriate subject for a design patent,¹⁹ and Congress has clearly expressed its intent that the general domain of industrial design should be excluded from the copyright system.²⁰

The Design Patent System

A design patent may be granted for "any new, original and ornamental design for an article of manufacture."²¹ The statutory requirements for obtaining a design patent are much the same as those for utility patents,²² except that a design must be "ornamental,"²³ in contrast to having some practical utility.²⁴ The major prob-

17. See 35 U.S.C. § 171 (1982). Ostensibly, the purpose of the design patent statute is to promote the progress of the art of industrial design. See U.S. CONST. art. I, § 8, cl. 8; *In re Laverne*, 356 F.2d 1003, 1006 (C.C.P.A. 1966), *overruled on other grounds*, *In re Nalbandian*, 661 F.2d 1214 (C.C.P.A. 1981).

18. See 17 U.S.C. §§ 101 *et. seq.* (1982). Works of art need only be original to qualify for copyright protection. 17 U.S.C. § 102 (1982). Originality in the copyright sense means only that the work of art must be the original creation of an author who did not copy the work from another. See *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 53-54 (2d Cir.) (Hand, J.), *cert. denied*, 298 U.S. 669 (1936). The sticking point to obtaining a copyright in an industrial design lies in the interpretation of what constitutes a work of art. See *infra* notes 40-58 and accompanying text.

19. "[A] design patent is exceedingly difficult to obtain." *Heritage Quilts, Inc. v. New Haven Comfort Prods., Inc.*, 466 F. Supp. 229, 230 (S.D.N.Y. 1979). In 1975, the Patent & Trademark Office issued only 3,600 design patents. See *Schnadig Corp. v. Gaines Mfg. Co.*, 620 F.2d 1166, 1168 n.2 (6th Cir. 1980).

20. See H.R. REP. No. 1476, 94th Cong., 2d Sess. 55 (1976) ("although the shape of an industrial product may be aesthetically satisfying and valuable, the Committee's intention is not to offer it copyright protection"), *reprinted in* 1976 U.S. CONG. & AD. NEWS 5659-5801 [hereinafter H.R. REP. No. 1476].

21. 35 U.S.C. § 171 (1982).

22. Utility patents are granted for inventions, which include new and useful processes, machines, manufactures, compositions of matter, or improvements thereof. 35 U.S.C. § 101 (1982) (defining patentable inventions). The statutory requirements for obtaining a utility patent are that the invention must be new or novel, useful, and unobvious. 35 U.S.C. §§ 101-03 (1982).

23. 35 U.S.C. § 171 (1982).

24. The statutory requirement of ornamentality, as opposed to utility, means

lem with the design patent system lies in the fact that, like inventions, designs must be non-obvious to be patentable.²⁵

The concept of non-obviousness has its origin in the law of useful inventions and it is ill-suited to designs.²⁶ Under this concept, the patentability of a design depends on whether the differences between the prior art²⁷ and the design are such that the design would

that a design must convey at least a minimal aesthetic impact. 2 A. DELLER, WALKER ON PATENTS § 160 (1964). Additionally, even designs which display some aesthetic qualities are unpatentable if the overall design primarily serves a utilitarian purpose or is a response to problems of usage. See *Kwik-Site Corp. v. Clear View Mfg. Co.*, 758 F.2d 167, 171-72 (6th Cir. 1985) (design patent held invalid because novel features of see-through mount for telescopic rifle sight served only functional purposes); *Point Plastics, Inc. v. Rainin Instrument Co.*, 225 U.S.P.Q. 519, 523 (N.D. Cal. 1984) (design patent for pipette tip rack held invalid on basis that design was primarily functional); *Parke v. Milton Indus.*, No. 82 C 6220, slip op. (N.D. Ill. Mar. 27, 1984) (design patent for compressed air blow gun held invalid because the novel design was a response to problems of usage).

25. See *In re Nalbandian*, 661 F.2d 1214, 1218 (C.C.P.A. 1981) (Rich, J., concurring).

26. The obviousness test of section 103, which was first codified in the Patent Act of 1952, replaced the vague standard of "invention" which was the previous test of patentability. An early Supreme Court case, *Hotchkiss v. Greenwood*, 52 U.S. (11 How.) 248 (1850), provides the basis for the obviousness test. In *Hotchkiss*, the Court attempted to define the test of "invention" for useful inventions. The Court concluded that an inventor must display more ingenuity and skill than that "possessed by an ordinary mechanic acquainted with the business," for otherwise there would be "an absence of that degree of skill and ingenuity which constitute essential elements of every invention." *Id.* at 266.

The *Hotchkiss* case was never overruled, but the courts gradually drifted away from the rule of *Hotchkiss* to a much stricter standard of patentability. See, e.g., *Jungersen v. Ostby & Barton Co.*, 335 U.S. 560, 572 (1945) (Jackson, J., dissenting) (discussing judicial hostility towards patents and noting that "the only patent that is valid is one which this Court has not been able to get its hands on"). Congress enacted section 103 to restore vitality to the patent system through a return to the more liberal standards of the *Hotchkiss* era. See generally *Reiner v. I. Leon Co.*, 285 F.2d 501, 503 (2d Cir. 1960) (Hand, J.), *cert. denied*, 366 U.S. 929 (1961); *Lyon v. Bausch & Lomb Optical Co.*, 224 F.2d 530, 535-37 (2d Cir.), *cert. denied*, 350 U.S. 911 (1955). Section 103, however, was drafted to apply to useful inventions, and "with no thought at all of how it might affect designs." *In re Nalbandian*, 661 F.2d 1214, 1218 (C.C.P.A. 1981) (Rich, J., concurring). The difficulty of finding "invention" or "unobviousness" in a design has had ruinous results in the design patent field. See e.g., Reichman, *Design Protection in Domestic and Foreign Copyright Law: From the Berne Revision of 1948 to the Copyright Act of 1976*, 1983 DUKE L.J. 1143, 1223-24 (noting that courts have required an exceptionally large "inventive" step in the case of designs); Commissioner of Patents and Trademarks Gerald Mossinghoff, Address to the American Bar Association Patent, Trademark and Copyright Law Section (New Orleans, Aug. 8, 1981) (concept of obviousness is poorly suited to designs).

27. "Prior art" is implicitly defined in section 102 of Title 35. 35 U.S.C. § 102 (1982). The prior art includes all the technology available in the public domain at the time the design was created. See *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1453 (Fed. Cir. 1984) (prior art is that knowledge, including what would be obvious from it at a given time, available to a person of ordinary skill in an art); see also *Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966) ("Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain").

have been obvious at the time it was created to an ordinary designer who designs articles of the type in question.²⁸ The concepts which are applicable to obviousness determinations with respect to useful inventions, however, are of minimal value in the case of designs because appearance, in contrast to utility, is the key factor in the determination.²⁹ Moreover, the secondary considerations³⁰ which may have a bearing on the question of obviousness for useful inventions are of little help to the design patent applicant because it is difficult to quantify the extent to which good design contributes to the success of a product.³¹ The result is that the courts must evaluate the patentability of designs from a subjective viewpoint, finding designs patentable or unpatentable based on judicial "hunches."³² The sub-

28. 35 U.S.C. § 103 (1982); see also *In re Nalbandian*, 661 F.2d 1214, 1217 (C.C.P.A. 1981) (rejecting "ordinary observer" test of obviousness for designs and adopting "ordinary designer" test).

29. For example, concepts such as improved usefulness, unexpected results, and mechanically unrelated or nonanalogous art are often helpful in determining whether a useful invention would have been obvious at the time it was made. These objective concepts have no relation to appearance, however, which is controlling on the issue of obviousness with respect to designs. See e.g., *In re Glavas*, 230 F.2d 447, 450 (C.C.P.A. 1956); *Blumcraft v. Brenner*, 247 F. Supp. 978, 980 (D.D.C. 1965).

30. The name "secondary considerations" may be misleading. All those objective indicia of obviousness or non-obviousness which are not mentioned in the section 103 obviousness test constitute secondary considerations. See *Fromson v. Advance Offset Plate, Inc.*, 755 F.2d 1549, 1557 (Fed. Cir. 1985). The considerations include factors such as commercial success due to the merits of the invention, long felt but unsolved needs, and prior failures of others. *Id.*; see also *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966); *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1555-56 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984). Secondary considerations, when present, must always be considered in determining the obviousness issue in the case of useful inventions. *Fromson*, 755 F.2d at 1556. These objective factors may often be the most probative evidence on the obviousness issue for useful inventions. *Id.*; *Ashland Oil, Inc. v. Delta Resins & Refractories, Inc.*, 776 F.2d 281, 306 (Fed. Cir. 1985), *cert. denied*, 106 S. Ct. 1201 (1986); *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983).

31. Unfortunately, in an action for infringement of a design patent there are rarely any of the 'signposts' of patentability which enable an objective evaluation of the obviousness vel non of utility inventions. Since the design patent covers only optional esthetic features, there is never a long-felt need or an unsuccessful search, and it is rarely possible to allocate the specific portions of the profits on a commercial product which are respectively attributable to its utilitarian advantages and its visual appeal. Thus, in the final analysis, a court's evaluation of the patentability of a design is essentially subjective and personal artistic tastes are unpredictable and inexplicable — one viewer's mural is another's graffiti.

Plantronics, Inc. v. Roanwell Corp., 403 F. Supp. 138, 159-60 (S.D.N.Y. 1975), *aff'd*, 535 F.2d 1397 (2d Cir.), *cert. denied*, 429 U.S. 1004 (1976); see also *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1443 (Fed. Cir. 1984) (noting that commercial success presents a special problem in design patent cases because it is difficult to establish a nexus between commercial success and the merits of the design).

32. *In re Nalbandian*, 661 F.2d 1214, 1218 (C.C.P.A. 1981) (Rich, J., concurring); see also *Rains v. Niaqua, Inc.*, 406 F.2d 275, 278 (2d Cir.), *cert. denied*, 395 U.S. 909 (1969); *Hygenic Specialties Co. v. H.G. Salzman, Inc.*, 302 F.2d 614, 618 (2d Cir. 1962) (concept of invention is elusive as applied to designs); *In re Bartlett*, 300 F.2d 942, 944 (C.C.P.A. 1962) (patentability of designs rests on the subjective conclu-

jective nature of the concept of obviousness as applied to designs and the strictness with which the standard has been applied have resulted in a dismal track record for design patents.³³

sion of each judge); *Lancaster Colony Corp. v. Aldon Accessories, Ltd.*, 182 U.S.P.Q. 262, 264 (S.D.N.Y.) (obviousness determination with respect to designs amounts to an aesthetic value judgment), *aff'd*, 506 F.2d 1197 (2d Cir. 1974); 1 D. CHISUM, PATENTS 1.04[2][f], at 1-199 — 1-200 (1986) (obviousness of designs is necessarily a subjective determination).

33. The sponsor of the design legislation currently before Congress noted in his introductory remarks that design patents have typically suffered a seventy percent mortality rate in the courts. See 133 CONG. REC. E 49 (daily ed. Jan. 7, 1987). This figure is derived from a study by the Patent and Trademark Office which found that sixty-eight percent of the design patents litigated in the period from 1973 to 1977 were held invalid. See *Patent and Trademark Office Study of Court Determinations of Patent Validity/Invalidity, 1973-1977*, reprinted in PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 455, D-1 (Nov. 22, 1979).

A review of the design patent cases reported from 1983 through 1986 indicates that the courts may be treating design patents more favorably. During this period, the federal courts have passed on the validity of twenty-three design patents. Thirteen have been held invalid, an invalidation rate of sixty percent. Obviousness was the most common reason underlying the determinations of invalidity. See *Trans-World Mfg. Corp. v. Al Nyman & Sons, Inc.*, 750 F.2d 1552 (Fed. Cir. 1984) (affirming district court judgment which held one of two design patents invalid for obviousness); *Petersen Mfg. Co. v. Central Purchasing, Inc.*, 740 F.2d 1541 (Fed. Cir. 1984) (affirming holding of invalidity for obviousness); *Cardiac Pacemakers, Inc. v. Coratomic, Inc.*, 702 F.2d 671 (8th Cir. 1983) (affirming holding of invalidity for obviousness and functionality); *Black & Decker Inc. v. Pittway Corp.*, 636 F. Supp. 1193 (N.D. Ill. 1986) (design patent held invalid for anticipation and obviousness); *Norco Prods., Inc. v. Mecca Dev., Inc.*, 617 F. Supp. 1079 (D. Conn. 1985) (design patent for fluid filter held invalid on ground that filter lacked ornamental characteristics visible in its normal use); *Point Plastics, Inc. v. Rainin Instrument Co.*, 225 U.S.P.Q. 519 (N.D. Cal. 1984) (design patent held invalid for obviousness, functionality, and fraud on the Patent and Trademark Office); *Ambiant Systems, Ltd. v. Shogun Int'l Corp.*, 224 U.S.P.Q. 765 (N.D. Ill. 1984) (design patent held invalid for obviousness); *Parke v. Milton Indus., Inc.*, No. 82 C 6220, slip op. (N.D. Ill. Mar. 27, 1984) (design patent held invalid for obviousness and functionality); *A&H Mfg. Co. v. Contempo Card Co.*, 576 F. Supp. 894 (D.R.I. 1983) (design patent held invalid for obviousness, functionality, and lack of ornamentality in normal use); *Sheldon Friedlich Mktg. Corp. v. Carol Wright Sales, Inc.*, 219 U.S.P.Q. 883 (S.D.N.Y. 1983) (design patent held invalid for lack of novelty and obviousness); *Principle Business Enters. v. United States*, 7 Cl. Ct. 433, 226 U.S.P.Q. 180 (1985) (design patent held invalid for functionality).

Even patent owners who are successful on the validity issue, however, must still establish that the accused design is infringing. In an additional five cases, patent owners were unsuccessful because they failed to prove infringement. See *Unette Corp. v. Unit Pack Co.*, 785 F.2d 1026 (Fed. Cir. 1986) (validity issue dismissed as moot); *Shelcore, Inc. v. Durham Indus.*, 745 F.2d 621 (Fed. Cir. 1984); *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (Fed. Cir. 1984); *Black & Decker, Inc. v. North Am. Philips Corp.*, 632 F. Supp. 185 (D. Conn. 1986) (validity issue not raised); *Brookfield Athletic Shoe Co. v. Chicago Roller Skate Co.*, 607 F. Supp. 241 (N.D. Ill. 1984). Design patent owners prevailed in only eight instances. See *Kwik-Site Corp. v. Clear View Mfg. Co.*, 758 F.2d 167 (6th Cir. 1985) (one of two design patents valid and infringed); *Trans-World Mfg. Corp. v. Al Nyman & Sons, Inc.*, 750 F.2d 1552 (Fed. Cir. 1984) (same); *Pacific Furniture Mfg. Co. v. Preview Furniture Corp.*, 626 F. Supp. 667 (M.D.N.C. 1985) (two design patents held valid and infringed; treble damages awarded for willful infringement), *aff'd*, 800 F.2d 1111 (Fed. Cir. 1986); *John O. Butler Co. v. Block Drug Co.*, 620 F. Supp. 771 (N.D. Ill. 1985); *Selchow & Righter Co. v. Goldex Corp.*, 612 F. Supp. 19 (S.D. Fla. 1985) (validity issue not raised); *Moore v. Stewart*, 600 F. Supp. 655 (W.D. Ark. 1985); *Wagner Spray Tech Corp. v.*

A second problem inherent in the design patent system is the lengthy application procedure. Typically, a successful applicant is issued a patent more than two years after filing an original application with the Patent and Trademark Office.³⁴ Since protection against infringement begins at the time the patent is issued and the field of design is an area of rapid change, many designs may be obsolete before a patent can be issued.³⁵ In this respect, the protection which the design patent system offers is illusory.³⁶

In sum, the design patent system is a failure for the modern industrial designer. The strict standards of patentability and the subjective nature of their application leave designers in doubt as to what designs may be protected. Combined with the dismal litigation record of design patents and the delays and expense of prosecuting an application, it is little wonder that industrial designers would seek a more satisfactory form of protection.

Copyright Protection for Designs

As an alternate to a design patent, a designer may attempt to protect his designs as works of authorship under the copyright law.³⁷

Menard, Inc., 221 U.S.P.Q. 226 (D. Minn. 1983). Thus, design patent owners have successfully litigated eight patents since 1983. Five owners lost on the infringement issue, while another thirteen have had their patents held invalid. While a lower percentage of patents are being held invalid than in the past, the success rate for patentees remains at a dismal thirty percent.

34. See, e.g., *Interpart Corp. v. Italia*, 777 F.2d 678, 680, 686 (Fed. Cir. 1985) (2 years, 5 months); *Trans-World Mfg. Corp. v. Al Nyman & Sons, Inc.*, 750 F.2d 1552, 1555 (Fed. Cir. 1984) (2 years); *Petersen Mfg. Co. v. Central Purchasing, Inc.*, 740 F.2d 1541, 1543, 1545 (Fed. Cir. 1984) (3 years); *Black & Decker, Inc. v. Pittway Corp.*, 636 F. Supp. 1193, 1194 (N.D. Ill. 1986) (2 years, 6 months); *Pacific Furniture Mfg. Co. v. Preview Furniture Corp.*, 626 F. Supp. 667, 670 (M.D. N.C. 1985) (2 years), *aff'd*, 800 F.2d 1111 (Fed. Cir. 1986); *John O. Butler Co. v. Block Drug Co.*, 620 F. Supp. 771, 773 (N.D. Ill. 1985) (1 year, 10 months); *Moore v. Stewart*, 600 F. Supp. 655, 658 (W.D. Ark. 1985) (2 years, 4 months); *Point Plastics, Inc. v. Rainin Instrument Co.*, 225 U.S.P.Q. 519, 520 (N.D. Cal. 1984) (2 years, 8 months); see also Comment, *Copyright Protection for Commercial Design: The Moorhead Bill*, J. COMP. BUS. & CAP. MARKET L. 117, 119 (1985); Reichman, *supra* note 26, at 1190 n.245.

35. See *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279 (2d Cir. 1929), *cert. denied*, 281 U.S. 728 (1930).

36. Cf. Wall St. J., Jan. 28, 1986, at 27, col. 3. "Products evolve so rapidly and the patent process is so slow that by the time you have a patent awarded, the product can be outdated." *Id.* (statement of computer-software company spokesman as to why the company chooses not to patent its software products).

37. Section 102 of Title 17 defines the subject matter of copyright:

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

* * *

(5) pictorial, graphic, and sculptural works;

Copyright, however, is a poor alternative. Copyright has expanded over the years to include some works of art which are embodied in useful articles,³⁸ but Congress has indicated that the general province of industrial design should be excluded from copyright protection.³⁹

The scope of modern copyright protection was delineated in the landmark case of *Mazer v. Stein*.⁴⁰ In *Mazer*, the plaintiffs had obtained a copyright for statuettes of male and female dancing figures.⁴¹ The statuettes were copyrighted as works of art, but they were sold in quantity as lamp bases, with lamp sockets, wiring, and lamp shades attached.⁴² The defendants copied the statuettes, embodied them in lamps, and sold them.⁴³ The plaintiffs then brought an action for copyright infringement.⁴⁴ The issue in the case was whether the statuettes were the proper subject of a copyright, given that they were intended to serve a utilitarian function as lamp bases.⁴⁵

The defendants grounded their argument on the design patent system. They contended that Congress, in providing for the existence of design patents, intended to exclude from copyright protection artistic articles embodied in mass produced goods.⁴⁶ The Court disagreed, and declined the defendants' invitation to read such a limitation into the copyright law.⁴⁷ The Court, therefore, upheld the plaintiffs' copyright in the statuettes.⁴⁸

* * *

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

17 U.S.C. § 102 (1982). "Pictorial, graphic, and sculptural works," which would include industrial designs, are defined in section 101. See 17 U.S.C. § 101 (1982).

38. See, e.g., *Kieselstein-Cord v. Accessories By Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1980) (copyright in elaborately sculptured belt buckles upheld by divided panel). But see *Esquire, Inc. v. Ringer*, 591 F.2d 796 (D.C. Cir.) (overall shape of outdoor lighting fixtures held ineligible for copyright), *cert. denied*, 440 U.S. 908 (1979).

39. See *infra* note 51.

40. 347 U.S. 201 (1954).

41. *Id.* at 202.

42. *Id.*

43. *Id.* at 203.

44. *Id.* at 203-04.

45. The Court adopted the defendants' initial statement of the issue in the case: "Can statuettes be protected in the United States by copyright when the copyright applicant intended primarily to use the statuettes in the form of lamp bases to be made and sold in quantity and carried the intentions into effect?" *Id.* at 204-05.

46. *Id.* at 215. The defendants argued that because the lamps as a whole were industrial designs which were not new or novel within the meaning of the design patent law, they should be in the public domain. *Id.* at 216.

47. "We find nothing in the copyright statute to support the argument that the intended use or use in industry of an article eligible for copyright bars or invalidates its registration." *Id.* at 218.

48. *Id.* at 219. The court held only that the statuettes in themselves were enti-

The Supreme Court decision in *Mazer* significantly expanded the scope of copyright.⁴⁹ While the rule remained that only works of art were copyrightable, *Mazer* established that utility and art were no longer mutually exclusive.⁵⁰ The *Mazer* decision, however, left a troubled wake. Given that art and utility could coexist in a copyrightable form, there remained Congress' intent that the general field of industrial design should not be incorporated into the copyright system.⁵¹ Unfortunately, *Mazer* offered no workable standard to differentiate between uncopyrightable industrial designs and copyrightable works of art as embodied in utilitarian objects.

The Copyright Office's response to *Mazer* was to promulgate new regulations which would accommodate *Mazer* while still excluding the general domain of industrial design from copyright protection.⁵² The resulting regulation created a "separability" standard which has become the benchmark of the current analysis:

If the sole intrinsic function of an article is its utility, the fact that the article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates features, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration.⁵³

The separability test was codified in the Copyright Act of 1976.⁵⁴ As

tioned to copyright, and not the lamps as a whole. *Id.* at 218.

49. See, e.g., Ringer, *The Unfinished Business of Copyright Revision*, 48 U.C.L.A. L. REV. 951, 975-76 (1977) (stating that *Mazer v. Stein* pioneered copyright protection for ornamented designs of useful articles); Denicola, *supra* note 15, at 711-15 (discussing impact of *Mazer*).

50. In effect, the Court held that a work of art is copyrightable regardless of the use to which it is put. But the Court's holding was limited in that it did not expand the concept of a work of art. The statuettes at issue were clearly artistic works. The Court said nothing regarding the more difficult cases where the form and function of a useful article are unified. See Denicola, *supra* note 15, at 712.

51. Congress stated its position in this regard during the revision effort leading up to the Copyright Act of 1976:

On the other hand, although the shape of an industrial product may be aesthetically satisfying and valuable, the Committee's intention is not to offer it copyright protection under the bill. Unless the shape of an automobile, airplane, ladies' dress, food processor, television set, or any other industrial product contains some element that, physically or conceptually, can be identified as separable from the utilitarian aspects of that article, the design would not be copyrighted under the bill.

H.R. REP. NO. 1476, *supra* note 20, at 55.

52. "Determined to close the door that *Mazer* left ajar, the Copyright Office sought a formulation that would accommodate *Mazer*, yet exclude the general realm of industrial design." Denicola, *supra* note 15, at 715.

53. 37 C.F.R. § 202.10(c) (1959) (revoked Jan. 1, 1978, 43 Fed. Reg. 966 (1978)).

54. The separability test was codified within the definition of pictorial, graphic, and sculptural works in section 101:

[T]he design of a useful article, as defined in this section, shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identi-

a result, those artistic features of a utilitarian article which may be physically or conceptually identified as separable from the article are copyrightable.⁵⁵

The separability test effectuates Congress' intent to exclude industrial design from the copyright system. Although some designs will satisfy the separability test and therefore be eligible for copyright protection, the majority of modern industrial designs are heavily influenced by the Bauhaus approach to design which stresses the unification of form and function.⁵⁶ Useful articles which are designed so as to integrate form and function are unlikely to satisfy the separability test because the test requires that the design be physically or conceptually separable from the article.⁵⁷ The separability test is therefore the antithesis of the modern approach to industrial design.⁵⁸ Thus, the copyright system, like the design patent system, offers little hope of protection to the majority of industrial designers.

Attempts at Legislative Reform

Congress has long been aware of the plight of industrial design-

fied separately from, and are capable of existing independently of, the utilitarian aspects of the article.

17 U.S.C. § 101 (1982). Section 101 also defines "useful article": "A 'useful article' is an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article that is normally a part of a useful article is considered a 'useful article.'" *Id.* Thus, applied art such as a picture applied to a tray would be copyrightable, but the shape of the tray would not attract copyright protection. In the borderland where applied art and integrated industrial design meet, however, the separability concept is difficult to apply. *See, e.g., Kieselstein-Cord v. Accessories by Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1980) (upholding copyright in elaborately sculptured belt buckles).

55. The concept of physical separability is a simple one. For example, in the *Mazer* case the statuettes could be physically detached from the electrical components of the lamp. The idea of conceptual separability is more difficult to grasp. Indeed, courts and commentators have struggled with this idea and failed to reach any consensus. *See* Comment, *supra* note 34, at 121-22.

56. *See* Crew, *Undesirable in Theory, Absurd in Practice — The Protection of Industrial Designs in England and New Zealand*, 2 AUCKLAND U.L. REV. 1, 17-19 (1975) (discussion of the Bauhaus movement suggesting that it is the prevailing modern notion of good design). The fundamental tenet of the Bauhaus movement is the marriage of function and form. *Id.* at 18.

57. The face plate and casing of a compact disc player, for example, are designed to allow operational ease but also to be pleasing to the eye. The player would fail the separability test, however, because it contains no features which may be identified separately as works of art. In this instance, the designer would be forced to fall back upon the design patent system. *Cf. Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1443 (Fed. Cir. 1984) (upholding validity of design patent for microwave oven).

58. *See* Comment, *supra* note 34, at 123 (suggesting that the separability standard conflicts with the teachings of modern industrial designers who have merged aesthetic and utilitarian concerns).

ers.⁵⁹ The Moorhead bill which was introduced early in the 100th Congress represents the culmination of thirty-three years of legislative refinement.⁶⁰ The principle stumbling block to the enactment of design protection legislation has been the concern that such legislation would adversely affect competition.⁶¹ The Justice Department voiced this concern in 1976, when it opposed the design protection proposals contained in the Copyright Revision Bills of that year.⁶² The Department's position was that design legislation "would create a new monopoly which has not been justified by a showing that its benefits will outweigh the disadvantage of removing such designs from free public use."⁶³ Proponents of design protection have countered that narrowly focused protection measures would have at worst an economically neutral effect.⁶⁴ In the final analysis the arguments of both sides "rest on a host of assumptions."⁶⁵ This is especially true in the United States, where there has never been an effective form of protection for designs.

Since most of the industrialized nations of the world afford effective legal protection to industrial designs, the question of whether design protection legislation may result in restraints on competition can be better judged from the experiences of foreign nations. The following analysis of design protection in the United Kingdom, New Zealand, and Australia will demonstrate that, while in some respects these countries have erred and created overly expansive design protection systems, a workable system of design protection which does not adversely affect competition is an attainable goal.

DESIGN PROTECTION IN THE UNITED KINGDOM

The United Kingdom has afforded protection to original industrial designs for more than a century.⁶⁶ As the law currently stands,

59. See *supra* note 7.

60. When legislators undertook to revise the patent system in 1950, a conscious decision was made to place the design protection problem aside until the revision of the patent system was completed. *In re Nalbandian*, 661 F.2d 1214, 1218-19 (C.C.P.A. 1981) (Rich, J., concurring). The revision effort ended with the passage of the Patent Act of 1952. The drafters then turned to the problem of design protection, and legislative efforts have been continuous since 1954. *Id.* at 1219.

61. See, e.g., Denicola, *supra* note 15, at 772; Comment, *supra* note 34, at 117.

62. See H.R. REP. NO. 1476, *supra* note 20, at 50. Recent developments suggest that the Justice Department may now have a more favorable view of protection for industrial designs. See *supra* note 7.

63. H.R. REP. NO. 1476, *supra* note 20, at 50. A design protection proposal which passed through the Senate with the other copyright bills of 1976 was dropped in the House as a result of the Justice Department's opposition to the measure. See Denicola, *supra* note 15, at 719.

64. See Comment, *supra* note 34, at 118.

65. Denicola, *supra* note 15, at 727.

66. As early as 1883, the Patents, Designs and Trademarks Act of that year conferred upon the owner of a registered design for any article of manufacture the

designs may be protected under the Registered Designs Act 1949⁶⁷ or the Copyright Act 1956,⁶⁸ as amended by the Design Copyright Act 1968. The application in practice of these Acts, however, has led to some undesirable consequences. On the one hand, the Designs Act has been interpreted narrowly, such that only designs having a substantial aesthetic impact qualify for registration.⁶⁹ On the other hand, the many designs which lack the aesthetic qualities necessary to merit protection under the Designs Act have been granted long term protection under the Copyright Act 1956.⁷⁰ This practice of protecting essentially functional articles through copyright, or "design copyright," has adversely affected the competitiveness of British industry, particularly in the field of spare parts for machinery.⁷¹

The inequities of protecting functional spare parts designs through copyright moved the House of Lords to hold in the recent case of *British Leyland Motor Corp. v. Armstrong Patents Co.*⁷² that principles rooted in the common law of property bar copyright owners from enforcing their copyrights against spare parts manufacturers.⁷³ The *Armstrong* decision, however, only addressed one aspect of the law on copyright in the design of functional articles. Shortly after the *Armstrong* decision, the British Government published a White Paper containing comprehensive reform proposals di-

exclusive right to control the use of the design. A concise history of the development of design protection in the United Kingdom may be found in the opinions of Lord Bridge and Lord Templeman in *British Leyland Motor Corp. v. Armstrong Patents Co.* [1986] 1 All E.R. 850 (H.L.).

67. Registered Designs Act 1949, 12, 13 & 14 Geo. 6, ch. 88.

68. Copyright Act 1956, 4 & 5 Eliz. 2, ch. 74.

69. See *Amp, Inc. v. Utilux Proprietary Ltd.* [1972] R.P.C. 103 (H.L.).

70. See, e.g., *L.B. (Plastics) Ltd. v. Swish Prods. Ltd.* [1979] R.P.C. 551 (H.L.) (copyright in design for plastic knock-down drawers); *Dorling v. Honnor Marine, Ltd.* [1964] 1 All E.R. 241 (C.A.) (copyright in design for sailing dinghy); see generally Baillie, *Design Copyright in the U.K.*, 17 LES NOUVELLES No. 1, at 34 (Mar. 1982) (discussing cases).

71. See, e.g., Tettenborn, *Copyright and Spare Parts — A Continuing Problem*, 2 INTEL. PROP. J. No. 1, at 125 (Nov., 1985).

The implication of this extension of copyright law to cover the manufacture of three-dimensional objects of utility, and some of the problems connected with it, have recently become apparent in one particular area: the manufacture and sale of spare parts. Manufacturers of all sorts of spare parts, from machine tools to cars, have increasingly attempted, in recent years, to prevent anyone else making or distributing spare parts for their products by claiming that such parts, even though made by copying existing parts, nevertheless infringe at one remove copyright in the drawings from which the originals were made. Not surprisingly, owners of machinery the parts of which wear out, not to mention specialized manufacturers of spare parts, object strongly to this attempt by the manufacturers to enforce monopoly rights in unpatented, non-secret products.

Id. at 126-27.

72. [1986] 1 All E.R. 850 (H.L.).

73. *Id.*

rected to the entire design copyright problem.⁷⁴ The new proposals, which are very likely to be enacted, would strike an improved balance between industrial design protection and the benefits of free competition.⁷⁵

To understand the developments which prompted a reform of the law on designs, it is convenient to begin from a consideration of the Registered Designs Act 1949 and its relation to artistic copyright. The Designs Act provides that designs having features which "appeal to and are judged solely by the eye"⁷⁶ are eligible for protection for fifteen years.⁷⁷ Designs which are "dictated solely by the

74. INTELLECTUAL PROPERTY AND INNOVATION, CMND. 9712 (Apr. 1986). The initial proposals for reform of the copyright law relating to functional articles were set forth in a 1981 Green Paper. See REFORM OF THE LAW RELATING TO COPYRIGHT, DESIGNS AND PERFORMERS' PROTECTION, CMND. 8302 (July 1981). A second Green Paper followed in 1983. See INTELLECTUAL PROPERTY RIGHTS AND INNOVATION, CMND. 9117 (Dec. 1983). The White Paper rejects the approaches of both the Green Papers in favor of an entirely new system of design protection. The Government plans to legislate along the lines set forth in the White Paper as soon as the Parliamentary schedule permits.

75. See *infra* notes 128-40 and accompanying text.

76. Section 1(3) of the Registered Designs Act 1949 defines "design" as: features of shape, configuration, pattern or ornament applied to an article by any industrial process or means, being features which in the finished article appeal to and are judged solely by the eye, but does not include a method or principle of construction or features of shape or configuration which are dictated solely by the function which the article to be made in that shape or configuration has to perform.

Id. In addition to satisfying the above definition, a design must be "new or original." *Id.* at § 1(2). The "new or original" requirement, although phrased in the disjunctive, has been interpreted to require somewhat more than mere novelty. The overall design must display some "difference of form or character which is a departure from previous designs and which is therefore of some significance or substance." *Aspro-Nicholas Limited's Design Application* [1974] R.P.C. 645, 652 (Registered Designs Appeal Tribunal). This is a stricter standard than that required for copyright. There is no requirement of novelty in the case of copyright, and a copyrightable work need only be "original" in the sense that it is the product of the author's own work and labor. See *L.B. (Plastics) Ltd. v. Swish Prods. Ltd.* [1979] R.P.C. 551, 617 (H.L.); *British Northrop Ltd. v. Texteam Blackburn Ltd.* [1974] R.P.C. 57, 68 (Ch.).

77. Registered Designs Act 1949, § 8. In contrast to copyright, which protects only against copying, a registered design confers upon the owner the exclusive right to exclude others from using the design, including those who create the same or a similar design independently. Section 7(1) of the 1949 Act provides:

The registration of a design under this Act shall give to the registered proprietor . . . the exclusive right in the United Kingdom and the Isle of Man to make or import for sale or for use for the purposes of any trade or business, or to sell, hire or offer for sale or hire, any article in respect of which the design is registered, being an article to which the registered design or a design not substantially different from the registered design has been applied, and to make anything for enabling such article to be made as aforesaid, whether in the United Kingdom or the Isle of Man or elsewhere.

Id. Thus, while a registered design is somewhat more difficult to obtain than copyright, see *supra* note 76, a registered design offers broader protection than copyright and correspondingly eases the plaintiff's burden of proof at trial in that copying need not be shown. See, e.g., *Hoover P.L.C. v. George Hulme Ltd.* [1982] F.S.R. 565 (Ch.), *overruled on other grounds*, *British Leyland Motor Corp. v. Armstrong Patents Co.*

function which the article to be made in that shape or configuration has to perform" are excluded.⁷⁸ British legislators had long recognized, however, that some articles registrable as designs might receive dual protection under the copyright laws.⁷⁹ For example, a painting applied to a metal tray would qualify as an industrial design, while the painting in itself would be eligible for copyright. Since copyright subsists for the life of the author plus fifty years,⁸⁰ some industrial designs could become the subject of long term protection.

Protection for life plus fifty years was thought to be too long for industrial articles. To solve this problem, the Copyright Act 1956 provided that once a registrable design was applied industrially, the copyright in the field of industrial design expired.⁸¹ Thus, industrial designs could only be protected under the Registered Designs Act and the term of protection was limited to fifteen years. The Design Copyright Act 1968 altered this rule of mutual exclusivity to allow dual protection, but limited the duration of copyright in any article which could be the subject of a corresponding registered design to fifteen years.⁸²

A 1971 House of Lords decision, *Amp Inc. v. Utilux Proprietary Ltd.*,⁸³ had a significant effect on this area of the law and prompted the rise of the practice of "design copyright."⁸⁴ The *Amp*

[1984] F.S.R. 591, 624 (C.A.).

78. See *supra* note 76 (definition of design).

79. See Copyright Act 1911, 1 & 2 Geo. 5, ch. 46, § 22(1) (provision against dual protection for designs under the Patents and Designs Act 1907); see generally *British Leyland Motor Corp. v. Armstrong Patents Co.* [1986] 1 All E.R. 850, 856-58 (H.L.) (discussing long-standing legislative policy against dual protection under the copyright and registered designs statutes).

80. Copyright Act 1956, 4 & 5 Eliz. 2, ch. 74, § 3(4).

81. *Id.* at § 10.

82. *Id.* at § 10, as amended by the Design Copyright Act 1968. The Design Copyright Act 1968 has an interesting history. It was originally introduced in Parliament as a Private Members' Bill to protect the Birmingham jewelry traders. The jewellers were at the mercy of Far East copyists because the delays and expense of obtaining registered designs rendered that form of protection inadequate. The Copyright Act 1956 was of no help because the jeweller's designs were registrable under the Designs Act 1949 and were therefore excluded from copyright protection. Parliament amended the law to allow the jewellers to enjoy the benefit of a fifteen year term of copyright protection based on their original drawings. While the 1968 Act had no immediate effect on functional designs such as those for spare parts, it placed a legislative imprimatur on the interpretation that a copy of a three-dimensional article could indirectly infringe the copyright in the original production drawing of the article. In conjunction with later judicial developments, the "Jewellers' Charter" became an "Engineers' nightmare." See *British Leyland Motor Corp. v. Armstrong Patents Co.* [1982] F.S.R. 481, 497-98 (Ch.), *appeal dismissed*, [1984] F.S.R. 591 (C.A.), *appeal allowed*, [1986] 1 All E.R. 850 (H.L.); see also [1986] 1 All E.R. at 882.

83. [1972] R.P.C. 103 (H.L.).

84. See *British Leyland Motor Corp. v. Armstrong Patents Co.* [1982] F.S.R. 481, 487 (Ch.) (noting that *Amp v. Utilux* opened the way for manufacturers to claim copyright in designs of functional articles).

case turned upon the construction of the definition of "design" in the Registered Designs Act 1949.⁸⁵ The House of Lords settled upon an aesthetically oriented construction which limited the scope of the Designs Act to designs having "eye appeal."⁸⁶ If a consumer might choose an article of a particular shape not because of its appearance, but because he thought the shape would make it more useful to him, then the design would not be registrable.⁸⁷ This construction signifi-

85. See [1972] R.P.C. at 107; see also *supra* note 76 (definition of "design"). The *Amp* case was a suit for infringement of a registered design. [1972] R.P.C. at 107. The subject matter of the design was a new electrical terminal which Amp had designed for use in Hoover washing machines. *Id.* at 106-07. Six years after the design was registered, Amp's representative saw what appeared to be an exact copy of the Amp terminal at a trade show, and Amp brought an infringement action against the alleged copier, Utilux. *Id.* at 107.

Utilux defended on the ground that Amp's registered design was invalid because the electrical terminal did not fall within the definition of "design" in the 1949 Act. *Id.* at 105. "Design" is defined as features of shape, configuration, pattern, or ornament which, *inter alia*, "appeal to and are judged solely by the eye." *Id.* Utilux contended that the "eye" must be that of the consumer and that the words "appeal to" meant that the design must be pleasing to the eye of the consumer so as to influence his choice. *Id.* The 1949 Act further provides that a "design" does not include "features of shape or configuration which are dictated solely by the function which the article to be made in that shape or configuration has to perform." *Id.* Utilux contended that the word "dictated" was causative, not mandatory, and that it was therefore immaterial whether a differently shaped article could fulfill the same function. *Id.* Since the Amp terminal had no features beyond those necessary to perform its function, Utilux argued, the registered design was invalid. *Id.*

Amp advanced a different interpretation of the definition of "design." Amp argued that in deciding whether a design displays features which "appeal to and are judged solely by the eye," the "eye" is that of the court. *Id.* Moreover, Amp argued, the phrase as a whole merely meant that a design must display features which have a distinctive appearance. *Id.* As to the exclusionary phrase "dictated solely by the function which the article to be made in that shape or configuration has to perform," Amp contended these words excluded a design only if there would be substantially no alternative but to use the design to perform the desired function. *Id.* at 106. Under this interpretation, the Amp terminal design would be registrable because the evidence showed that any number of different terminal shapes could be used to perform the same function. *Id.* at 107.

86. See [1972] R.P.C. at 108. Lord Reid said in his judgment:

The eye must be the eye of the customer if I am right in holding that the policy of the Act was to preserve to the owner of the design the commercial value resulting from customers preferring the appearance of articles which have the design to that of those which do not have it. So the design must be one which appeals to the eye of some customers. And the words "judged solely by the eye" must be intended to exclude cases where a customer might choose an article of that shape not because of its appearance but because he thought that the shape made it more useful to him.

Id. As is apparent from his judgment, Lord Reid accepted the defendant Utilux's interpretation of the definition of "design," see *supra* note 85, and Amp's registered design was accordingly held to be invalid. [1972] R.P.C. at 110. It is significant that Lord Reid based his judgment on what he thought to be the policy underlying the 1949 Act: a desire to preserve for design owners the benefits arising out of customer preference for articles having the design as against those not having it. The Government has followed a much more commercially oriented approach in its proposed reforms of the law relating to functional designs such as the electrical terminal at issue in the *Amp* case. See *infra* notes 129-30 and accompanying text.

87. [1972] R.P.C. at 108.

cantly narrowed the scope of the Registered Designs Act 1949, and many designs previously believed to be registrable were thereafter excluded from protection under the Act.⁸⁸

Standing alone, the rule established in *Amp v. Utilux* would have been of little moment. The Copyright Act 1956, however, provided that three-dimensional reproductions of two-dimensional drawings constitute an infringement of the copyright in the drawings.⁸⁹ Since original drawings are copyrightable under the Act regardless of artistic merit,⁹⁰ any functional article lacking "eye appeal" came within the scope of copyright protection if the article began life as a drawing.⁹¹ The principle that copyright in design drawings of a functional article could be used to prevent reproductions of the drawing in three-dimensional form was first applied in a 1964 Court of Appeal decision, *Dorling v. Honnor Marine, Ltd.*⁹² Later cases built upon the rule of *Dorling v. Honnor* to prohibit indirect reproduction of design drawings accomplished through re-

88. See, e.g., *British Leyland Motor Corp. v. Armstrong Patents Co.* [1986] 1 All E.R. 850, 856 (H.L.) (noting that, prior to the *Amp* case, a broader view of the scope of the 1949 Act was widely held); REFORM OF THE LAW RELATING TO COPYRIGHT, DESIGNS AND PERFORMERS' PROTECTION, CMND. 8302 (July 1981), reprinted in 28 BULL. COPYRIGHT, SOC'Y U.S.A. 569, 573-74 (Aug. 1981) (stating that, as a result of the *Amp* case, "a very large number of mechanical components which had previously been thought to be registrable under the Registered Designs Act were shown not to be"); Crew, *Undesirable in Theory, Absurd in Practice — The Protection of Industrial Designs in England and New Zealand*, 2 AUCKLAND U. L. REV. 1, 7 (1975) (criticizing the interpretation of "design" adopted in the *Amp* case as "absurd in its strictness").

89. Copyright Act 1956, 4 & 5 Eliz. 2, ch. 74, §§ 3(5), 48(1). Section 3(5) of the 1956 Act provides that one of the acts restricted by copyright in an artistic work is "reproducing the work in any material form." *Id.* "Reproduction" is defined in section 48(1): "'reproduction' . . . in the case of an artistic work, includes a version produced by converting the work into a three-dimensional form, or, if it is in three dimensions, by converting it into a two-dimensional form." *Id.*

90. *Id.* at § 3(1). "In this Act 'artistic work' means a work of any of the following descriptions, that is to say, — (a) the following, irrespective of artistic quality, namely paintings, sculptures, drawings, engravings and photographs . . ." *Id.* "Drawing" includes "any diagram, map, chart or plan." *Id.* at § 48(1).

91. See, e.g., Baillie, *supra* note 70, at 34. "In Britain there has developed a simple protection for 'design' with no requirements as to artistic merit or originality. If an article is produced from the designer's drawings and if that article is copied by another, then there is infringement of the copyright in the drawings." *Id.*

92. [1964] 1 All E.R. 241 (C.A.). *Dorling v. Honnor* involved claims of copyright in plans for a sailing dinghy. Working from the plaintiff's plans, the defendant manufactured corresponding parts and sold them in kit form. *Id.* A defense under section 9(8) of the Copyright Act 1956 failed because a non-expert would have recognized the parts as being made from the plans. *Id.* at 249-50. Accordingly, the Court of Appeals held that the parts infringed the plaintiff's copyright in the plans. *Id.* at 250. A second issue involved photographs which the defendant had taken of the kit parts. *Id.* In contrast to the parts, which were a direct reproduction of the plaintiff's plans, the photographs were an indirect reproduction because they were photographs of the defendant's parts. The Court of Appeal, however, held that even these indirect reproductions constituted an infringement of the plaintiff's copyright. *Id.*; see also *infra* note 115.

verse engineering,⁹³ and design copyright came to be fully accepted in a 1979 House of Lords decision, *L.B. (Plastics) Ltd. v. Swish Products Ltd.*⁹⁴ In summary, functional articles such as machine parts, which under the rule of the *Amp* case lacked the aesthetic qualities necessary for protection as registered designs, could nevertheless be the subject of long term protection under the Copyright Act 1956.

The application in practice of design copyright had a profound effect on the scope of design protection in the United Kingdom. A 1981 Green Paper,⁹⁵ which represented the first step towards legislative reform in this controversial area, explained the impact of design copyright:

[Design copyright] has the widest of implications. Almost any article of commerce which can be guaranteed to have no visual appeal, and hence to be excluded from protection under the Registered Designs Act, is very likely protected under the 1956 [Copyright] Act if somewhere or other . . . an original drawing exists. Examples include exhaust pipes and gear wheels and, indeed, motor car spares in general where appearance is immaterial.⁹⁶

Thus, design copyright greatly expanded the realm of design protection in England, to the point where purely functional articles having no visual appeal could be protected from copying.

As the 1981 Green Paper implies, automobile manufacturers quickly recognized the application of design copyright to the aftermarket industry for spare parts.⁹⁷ Copying is especially easy to

93. See *Solar Thompson Eng'g Co. v. Barton* [1977] R.P.C. 537 (C.A.) (copyright in drawings of elastomeric O-rings for use in patented pulley infringed where defendant copied plaintiff's O-rings; relief denied on other grounds); *British Northrop Ltd. v. Tex-team Blackburn Ltd.* [1974] R.P.C. 57 (Ch.) (defendant's copying of plaintiff's loom parts held to infringe copyright in plaintiff's original design drawings); *Merchant Adventurers Ltd. v. M. Grew & Co.* [1971] 2 All E.R. 657 (Ch.) (copyright in engineering drawings of electric light fittings infringed by defendant who copied plaintiff's electric light fittings).

94. [1979] R.P.C. 551 (H.L.). The *Swish* case concerned the design of a plastic knock-down drawer system known as "Sheerglide." The House of Lords held that the defendant had copied the shape of the plaintiff's Sheerglide drawers and that this indirect copying amounted to infringement of the plaintiff's copyright in its mechanical drawings of the drawers. *Id.* Although the principal issue in the case was the factual question of whether the defendant had copied the plaintiff's design, *see id.* at 619, the *Swish* case firmly established design copyright as the accepted law in the United Kingdom. See Baillie, *supra* note 70, at 34.

95. REFORM OF THE LAW RELATING TO COPYRIGHT, DESIGNS AND PERFORMERS' PROTECTION, CMND. 8302 (July 1981), reprinted in 28 BULL. COPYRIGHT SOC'Y, U.S.A. 569 (Aug. 1981).

96. *Id.* at 574.

97. See, e.g., *British Leyland Motor Corp. v. Armstrong Patents Co.* [1982] F.S.R. 481 (Ch.) (copyright asserted in exhaust systems), *appeal dismissed*, [1984] F.S.R. 591 (C.A.), *appeal allowed*, [1986] 1 All E.R. 850 (H.L.); *British Leyland Motor Corp. v. TI Silencers Ltd.*, Chancery Division, (Transcript: Marten Walsh Cherer) (Oct. 17, 1984) (same) (available on LEXIS, UKIP library); FORD MOTOR COMPANY LTD. A REPORT ON THE POLICY AND PRACTICE OF THE FORD MOTOR COMPANY LTD. OF

prove in the automotive aftermarket industry because spare parts must match the original equipment to fit properly.⁹⁸ British Leyland, a major British manufacturer of automobiles, led the field in pursuing design copyright claims against spare parts manufacturers.

British Leyland's campaign against spare parts manufacturers, which ultimately was defeated in the House of Lords, illustrates how overly sweeping systems of design protection may result in restraints on competition. The company's campaign carried with it the prospect of a significant impact on British industry because the spare parts market for British Leyland cars alone exceeds one billion dollars per year.⁹⁹ The company first focused on the replacement market for exhaust systems, a fast moving and highly profitable market. Between 1973 and 1979, British Leyland expanded its effective share of the replacement exhaust system market from 24% to 60% through license agreements with four competitors who chose not to litigate the validity of British Leyland's copyright claims.¹⁰⁰ Two other competitors, Armstrong Patents Co. and TI Silencers Ltd., refused to take licenses and British Leyland brought actions against both of them.

*British Leyland Motor Corp. v. Armstrong Patents Co.*¹⁰¹ was the first case to be tried. The defendant Armstrong manufactured aftermarket exhaust systems for certain British Leyland autos.¹⁰² There was little question that Armstrong had copied the exhaust systems through reverse engineering, using what was described as "a

NOT GRANTING LICENSES TO MANUFACTURE OR SELL IN THE UNITED KINGDOM CERTAIN REPLACEMENT BODY PARTS FOR FORD VEHICLES, CMND. 9437 (Feb. 1985). The "aftermarket" refers to independent manufacturers who produce replacement parts for automobiles. In the United States, the spare parts aftermarket is openly competitive, with the exception of parts which are the subject of utility or design patent protection.

98. To avoid copying, a spare parts manufacturer could in theory make minor changes in the shape of a particular part which would still allow it to fit in the desired application. Practically speaking, however, the spare parts manufacturer must copy or go out of business. If the aftermarket spare part is not a true copy, model changes to other aspects of the design which leave the original part in question unchanged could render the aftermarket spare part inapplicable.

99. See *British Leyland Motor Corp. v. Armstrong Patents Co.* [1986] 1 All E.R. 850, 854 (H.L.). The implications of British Leyland's decision to test its design copyrights reached far beyond the automotive industry. If British Leyland were to be successful, all segments of industry whose products would necessarily require duplicate replacement parts could, through design copyright, police their respective aftermarkets for spare parts. British Leyland was merely the first pioneer on an expansive frontier.

100. See *British Leyland Motor Corp. v. Armstrong Patents Co.* [1982] F.S.R. 481, 485 (Ch.), *appeal dismissed*, [1984] F.S.R. 591 (C.A.), *appeal allowed*, [1986] 1 All E.R. 850 (H.L.).

101. [1982] F.S.R. 481 (Ch.), *appeal dismissed*, [1984] F.S.R. 591 (C.A.), *appeal allowed*, [1986] 1 All E.R. 850 (H.L.).

102. [1982] F.S.R. at 483.

superb counterfeiting machine."¹⁰³ British Leyland charged Armstrong with copyright infringement, and sought conversion damages and an injunction.¹⁰⁴

The trial court held that the exhaust systems at issue infringed British Leyland's copyrights in its original production drawings because the systems constituted a three-dimensional reproduction of the design drawings.¹⁰⁵ The court granted an injunction restraining Armstrong from further infringement of the copyrights and issued an order directing an inquiry into damages.¹⁰⁶ Armstrong's appeal to the Court of Appeal was dismissed,¹⁰⁷ and Armstrong appealed to the House of Lords.¹⁰⁸

With the law clearly in its favor, British Leyland seemed well on the way to establishing that manufacturers could control the spare parts aftermarket for their respective products. Indeed, Armstrong had argued at the trial level that British Leyland's actions amounted to an attempt to destroy an entire industry.¹⁰⁹ While British Leyland providently chose not to pursue such a drastic course, the company was under no obligation to offer licenses to its competitors as it had done.¹¹⁰ In contrast, the British division of Ford Motor

103. [1982] F.S.R. at 500. Armstrong used a computerized pipe measuring and bending machine to copy the original equipment exhaust systems. Since British Leyland asserted copyright in its original design drawings, not the exhaust systems themselves, Armstrong's copying of the drawings was indirect in the sense that Armstrong never had access to the drawings.

104. *Id.* at 484.

105. *Id.* at 491. Under section 48 of the Copyright Act 1956, a "reproduction" includes "a version produced by converting the work into a three-dimensional form." At trial, Armstrong conceded that if the exhaust pipes at issue constituted a substantial part of the entire exhaust system, then Armstrong had reproduced a substantial part. [1982] F.S.R. at 481. In the Court of Appeals and the House of Lords, however, Armstrong was permitted to advance a new argument on this point, namely, that an indirect copy of a drawing should not be considered a "reproduction" of the drawing. *See* [1984] F.S.R. at 602; [1986] 1 All E.R. at 864.

Instead of contesting the substance of British Leyland's case at trial, Armstrong raised several technical and affirmative defenses. Armstrong's main technical defense was that British Leyland could not claim copyright in its drawings. [1982] F.S.R. at 488. Alternatively, Armstrong raised the affirmative defenses of abandonment, implied license, acquiescence, laches, estoppel, and unclean hands. *Id.* at 489. The trial court found all of these unconvincing.

106. *See* [1984] F.S.R. at 597-98.

107. [1984] F.S.R. 591.

108. [1986] 1 All E.R. 850.

109. *See* [1982] F.S.R. at 496. The trial court summarily dismissed this equitable argument:

It was submitted that the action taken by BL [British Leyland] amounts to an attempt to destroy a whole industry, namely the supply of replacement parts for cars. This entails the proposition that infringers of copyright can continue to infringe indefinitely and for no payment. If the law has granted to BL the right of copyright I cannot see how BL as owner cannot exercise those rights. *Id.* The court noted that the developing law of design copyright had been "of great assistance in the struggle to stop commercial sabotage." *Id.* at 492.

110. The Copyright Act 1956 contains no compulsory licensing provisions which

Company, following British Leyland's lead, asserted copyright in its replacement parts and further refused to grant licenses to aftermarket manufacturers.¹¹¹ As of the time Armstrong's appeal was pending in the House of Lords, the Monopolies and Mergers Commission had branded Ford's policy as anticompetitive and price inflationary.¹¹²

Against this troubling background, the House of Lords considered Armstrong's appeal.¹¹³ Armstrong raised two contentions. The House of Lords quickly dispensed with Armstrong's initial contention that its exhaust systems did not constitute a "reproduction" of British Leyland's copyrighted drawings within the meaning of the Copyright Act 1956.¹¹⁴ A continuous line of authorities spanning two decades supported British Leyland's claim that the copyright in a drawing of a functional article is infringed by a three-dimensional embodiment of the drawing produced through indirect reverse engineering techniques.¹¹⁵ The majority of the Lords declined to recon-

would have allowed spare parts manufacturers to demand licenses as of right.

111. See FORD MOTOR COMPANY LTD. A REPORT ON THE POLICY AND PRACTICE OF THE FORD MOTOR COMPANY LTD. OF NOT GRANTING LICENSES TO MANUFACTURE OR SELL IN THE UNITED KINGDOM CERTAIN REPLACEMENT BODY PARTS FOR FORD VEHICLES, CMND. 9437 (Feb. 1985).

112. *Id.*; see also *British Leyland Motor Corp. v. Armstrong Patents Co.* [1986] 1 All E.R. 850, 872-73 (H.L.).

113. [1986] 1 All E.R. 850 (H.L.).

114. See [1986] 1 All E.R. at 858. Armstrong attempted to assert a distinction between the skill contributed to the copyrighted drawings by the draftsman and the skill of the designer or engineer who devised the shapes or configurations required to give the three-dimensional articles which the drawings represent their operational efficiency. *Id.* While recognizing that these two skills could be combined in one person, Armstrong argued that its indirect copying by reverse engineering made no use of the skill of the first type. *Id.* Thus, Armstrong argued that its indirect copying did not appropriate what it called the "copyrightable part" of the drawings.

Lord Bridge saw formidable obstacles to this line of argument. It was well established, he noted, that copyrightable drawings must be considered as a whole. *Id.* Moreover, Armstrong's asserted distinction was contrary to the plain meaning of the Copyright Act 1956, which provides that a "reproduction" includes a version "produced by converting the work into a three-dimensional form." *Id.* Also, section 9(8) of the 1956 Act provides:

The making of an object of any description which is in three dimensions shall not be taken to infringe the copyright in an artistic work in two dimensions, if the object would not appear, to persons who are not experts in relation to objects of that description, to be a reproduction of the artistic work.

This "non-expert" test, Lord Bridge reasoned, plainly indicates that infringement of copyright may lie where the relation between the drawing and the object is apparent to the lay eye. *Id.* at 858-59. Thus, Armstrong's argument on "reproduction" encountered significant difficulties even before the Lords went on to consider the relevant case authorities.

115. See [1986] 1 All E.R. at 859. As discussed in the text accompanying note 92, *supra*, *Dorling v. Honnor Marine* was the first case under the 1956 Act to hold that the copyright in a drawing of a functional article could be infringed by a three-dimensional reproduction of the drawing. An important landmark in this regard was *King Features Syndicate Inc. v. O & M Kleemann Ltd.* [1941] 2 All E.R. 403 (H.L.) (the Popeye case), where the House of Lords held that the copyright in a Popeye

sider the validity of the accepted authorities.¹¹⁶ Accordingly, the House of Lords confirmed the existing view of the law of copyright and Armstrong's argument based on statutory construction failed.¹¹⁷

Armstrong contended in the alternative that British Leyland was barred from enforcing its copyrights based on considerations of public policy, the common law prohibition against derogation from

cartoon was infringed where the defendant, without a license, copied Popeye brooches and dolls which had been licensed by the author of the original Popeye cartoon. Thus, it was shown that a three-dimensional reproduction of another three-dimensional article which in itself was a reproduction of a copyrightable drawing infringed the copyright in the drawing. Significantly, however, the defendant in the Popeye case knew that he was directly or indirectly infringing copyright because the Popeye brooches and dolls were artistic works in themselves. In contrast, in the *Armstrong* case Armstrong knew its exhaust systems might infringe British Leyland's copyrights only because British Leyland had been careful to make original drawings and reveal their existence. Certainly the exhaust systems themselves would not qualify as artistic works entitled to copyright. But in *Dorling v. Honnor Marine* and all later cases, the courts apparently assumed that indirect reproductions of drawings of functional articles were to be dealt with according to the rule in the Popeye case. See [1986] 1 All E.R. at 868-70; see also *supra* note 93 (citing cases).

116. See [1986] 1 All E.R. at 853 (Lord Edmund-Davies); *id.* at 859 (Lord Bridge); *id.* at 871 (Lord Templeman). Lord Griffiths dissented. *Id.* at 876. In his opinion, Parliament never intended to grant manufacturers artistic copyright protection for purely functional objects which could not be the subject of a patent or registered design. *Id.* at 877. He reasoned that the purpose of artistic copyright is to protect an author's work and labor, and not to grant a monopoly to a manufacturer. *Id.* at 898. Lord Griffiths accepted Armstrong's suggested distinction between the skill and labor of the engineer and the skill of the draftsman, see *supra* note 114, and concluded that indirect copying of a functional article should not be considered a "reproduction" because the skill of the draftsman is not appropriated:

Where . . . the draughtsman has produced a mechanical drawing or a blueprint of a purely functional object the construction of 'reproducing' in § 3(5) should not be extended to include 'indirect copying' but should be limited to its natural meaning of direct copying. This construction will achieve the true purpose of Parliament by giving the protection of artistic copyright to preserve the commercial value of his work and labour and at the same time honour the intention of Parliament, expressed through the 1949 [Registered Designs] Act, that protection should not be extended to manufacturers for purely functional objects devoid of eye appeal.

Id. at 883. Although *L.B. (Plastics) Ltd. v. Swish Products Ltd.* [1979] R.P.C. 551 (H.L.) was contrary to Lord Griffiths' reasoning, he considered the *Armstrong* case to be one of those rare instances where the House of Lords would be justified in departing from a previous decision under the 1966 *Practice Statement Note* [1966] 3 All E.R. 77 (H.L.). Accordingly, Lord Griffiths concluded that Armstrong's indirect copying of British Leyland's design drawings did not constitute copyright infringement. [1986] 1 All E.R. at 883.

A difficulty arises in Lord Griffiths' analysis where drawings portraying a non-functional or partly functional article are indirectly copied. There, Lord Griffiths reasoned, an indirect copy would appropriate the draftsman's skill and labor. *Id.* He concluded that in such cases, an indirect copy should be considered an infringement. *Id.* This distinction based on skill and labor, however, is questionable because in the case of drawings of both functional and non-functional articles, the employee draftsman expects only his salary as compensation for his skill and labor. See Fellner, *BL v. Armstrong in the House of Lords: Our Souls Redeemed from the Company Store*, 4 EUR. INTELL. PROP. REV. 117, 119 (1986).

117. [1986] 1 All E.R. at 871.

grants, and a theory of implied license.¹¹⁸ Although neither party could invoke settled practice in this area, the House of Lords ultimately accepted Armstrong's argument based on the principle of non-derogation from grant. To reach this conclusion, the Lords announced in conclusory fashion that car owners have an "inherent right"¹¹⁹ to repair their vehicles which the manufacturer cannot restrict through contract.¹²⁰ Moreover, the Lords reasoned that, to be of value, the right of repair must include the opportunity to purchase spare parts in an openly competitive market.¹²¹ The Lords then held that British Leyland was barred from enforcing its copyrights against spare parts manufacturers because to allow British Leyland to enforce its copyrights would derogate from the car owner's right of repair.¹²²

Thus, after thirteen years of negotiations and litigation, the House of Lords put an end to British Leyland's efforts to establish control over the spare parts aftermarket. The legal basis for the decision rested on the highly questionable assertion that the common law principle of non-derogation from grant could defeat a statutory right to which British Leyland was *prima facie* entitled.¹²³ Moreover, even accepting that a car owner has a right to repair his vehicle, there is quite a leap of faith between this proposition and the proposition that an aftermarket manufacturer has an uninhibited right to supply the owner with spare parts.¹²⁴ The policies on which the decision rested, however, were sound. Clearly it would be undesirable to allow manufacturers to monopolize the spare parts markets for their respective products to the detriment of competition.¹²⁵

118. *Id.* at 853.

119. *Id.* at 861-62.

120. *Id.* at 861 (Lord Bridge), *id.* at 875 (Lord Templeman).

121. *Id.* at 861-62.

122. *Id.* at 862 (Lord Bridge), *id.* at 875 (Lord Templeman).

123. In his dissenting opinion, Lord Griffiths exposed the shaky legal underpinnings of the majority decision:

No case has been cited to your Lordships in which the courts have refused to enforce a statutory right because it impinged on other freedoms, yet the examples of such a state of affairs must be legion. I regret that I feel unable to follow your Lordships down this untrodden path.

Id. at 884.

124. See Fellner, *supra* note 116 (noting "a gap between the proposition that the purchaser has a right to repair and the proposition that someone other than the copyright owner has a right to supply him"). Lord Bridge seemed to preclude the possibility that manufacturers could limit the right of repair through contract with his announcement that the right is "inherent in the ownership of the car itself." [1986] 1 All E.R. at 861. In a similar conclusory fashion, Lord Templeman stated: "The right cannot, in my view, be withheld by the manufacturer of the car by contract with the first purchaser and cannot be withheld from any subsequent owner." *Id.* at 875.

125. For his part, Lord Templeman was quite unwilling to allow manufacturers to gain control over the spare parts aftermarkets for their products. He said:

No doubt if BL [British Leyland] are successful in these proceedings, every

The House of Lords decision in *British Leyland v. Armstrong* addressed the spare parts aspect of design copyright. The Lords recognized, however, that nothing less than a complete overhaul of the law on designs would solve the problems of copyright in functional articles.¹²⁶ Shortly after the House of Lords decided the *Armstrong*

manufacturer, whether of motor vehicles or other articles, will be careful to make and preserve production or engineering drawings and will either require all component replacement parts to be purchased from the original manufacturer or from licensees who pay royalties to the original manufacturer.

[1986] 1 All E.R. at 873. As to British Leyland's suggestion that it was willing to license the reproduction of its spare parts for a modest royalty, Lord Templeman said:

But a monopoly remains a monopoly even if it be benevolently administered and an established monopoly will not necessarily be administered with benevolence. In practice BL are claiming a monopoly and a similar monopoly can be claimed by other manufacturers for their models. The same monopoly could be invoked by the manufacture[r] of any article which requires replacement parts from time to time.

Id. at 866. The Monopolies and Mergers Commission report which found that Ford had exercised its design copyrights in a price inflationary and anti-competitive fashion would seem to support Lord Templeman's reasoning. See FORD MOTOR COMPANY LTD. A REPORT ON THE POLICY AND PRACTICE OF THE FORD MOTOR COMPANY LTD. OF NOT GRANTING LICENSES TO MANUFACTURE OR SELL IN THE UNITED KINGDOM CERTAIN REPLACEMENT BODY PARTS FOR FORD VEHICLES, *supra* note 97. But see [1986] 1 All E.R. at 884 (Lord Griffiths, dissenting):

It seems to me highly improbable that a motor car manufacturer would exploit his copyright either to starve the spare parts market or to increase the fair price for his spare parts for I can think of nothing more damaging to his prospects of selling the car in the first place.

Id.

126. Lord Scarman said:

The Copyright Act 1956 is, I gladly hear, presently under review. This case illustrates that more than redrafting with a view to clarification is needed: nothing less than an overhaul of some of the principles of the modern extended law is necessary. Judicial decision has extended copyright protection to industrial drawings of purely functional objects. These objects in themselves do not attract copyright protection; nor are they patentable, since they embody no new invention, and their design is not registrable under the registered designs legislation since they have no 'eye appeal.'

[1986] 1 All E.R. at 852. Lord Scarman found it anomalous that a manufacturer could obtain through copyright a more enduring monopoly than would be available under the patent and registered designs laws, even if the objects had been patentable or registrable as designs. *Id.*

Lord Bridge also found the present law to be "highly unsatisfactory." *Id.* at 859. Like Lord Scarman, Lord Bridge was concerned that design copyright "would certainly seem to be capable of abuse as a means of obtaining many of the advantages conferred by patent monopoly while circumventing the many stringent conditions and safeguards to which patent protection is subject." *Id.* Additionally, Lord Bridge objected to the availability of conversion damages under the copyright laws with respect to functional articles:

[W]hatever protection the industrial designer may need to safeguard the product of his skills against piracy, I find it difficult to suppose that a rational legislator, devising a comprehensive code ab initio for the protection of intellectual property, would deliberately include a provision for the recovery of conversion damages in respect of industrial products which infringe the protection accorded to industrial designs. In the field of fine arts substantially the entire value of a copy accrues from the work of the original artist. This is surely the

case, the Government issued a White Paper which addresses the entire design copyright problem.¹²⁷

The White Paper proposes a new system of design protection based on a modified copyright approach.¹²⁸ The underlying policy of the proposed design right would be to reward manufacturers who invest in design, thus providing an incentive for further investment.¹²⁹ This commercially oriented approach, intended to recompense the time and effort which manufacturers expend on design, is in marked contrast to the aesthetically oriented policy which the House of Lords ascribed to the Registered Designs Act 1949 in *Amp v. Utilux*. There, the House of Lords attributed to the 1949 Act a policy of preserving for design owners the benefits which accrue from customer preference of articles having the design as against articles not having the design.¹³⁰ Thus, the proposals set forth in the White Paper reflect a fundamental reevaluation of the policies which justify industrial design protection.

Under the proposed system, both functional and aesthetic designs would be protected against copying for ten years.¹³¹ There would be no requirement of registration,¹³² nor would there be any

rationale of the provision for conversion damages for infringements copyright. In the field of industrial design the designer contributes only a modest fraction of the value of the product. Thus, to award conversion damages for infringing industrial copies of a protected design is irrationally generous to the designer and punitive of the infringer.

Id. at 859-60.

127. INTELLECTUAL PROPERTY AND INNOVATION, CMND. 9712 (Apr. 1986).

128. The Government also considered the alternatives of a registration system and an unfair copying law. The idea of extending the Registered Designs Act 1949 to cover functional designs was rejected because of the high cost to users, as in many cases several registrations would be required to protect a single product. *Id.* at 19. The proposal for an unfair copying law was dropped because the application of such laws typically involves many discretionary factors and a concomitantly high degree of uncertainty. *Id.* at 20. Instead, the Government settled on a modified copyright approach which would "provide protection on copyright principles but without the more objectionable features of full copyright protection." *Id.*

129. The Government position, as expressed in the White Paper, is that "some protection should be available to give the manufacturer who has spent money on design the opportunity to benefit from his investment, thus providing an incentive to further investment." *Id.* at 19. The basic premise of the new design right would be that "all original designs deserve a period of protection to give the designer a market lead over the copier." *Id.* at 20.

130. *See supra* note 86.

131. *See* INTELLECTUAL PROPERTY AND INNOVATION, CMND. 9712, at 20 (Apr. 1986).

132. *Id.* Since registration would not be required under the proposed system, the Government has proposed that protection begin when the design is first fixed in any tangible medium of expression:

- The new right ('an unregistered design right') will come into being with:
- (a) the first making of an article embodying the design; or
 - (b) the first expression of the design in any independent form, such as a drawing or in a computer, from which an article embodying the design can be produced.

requirement that the design be reduced to two dimensions in the form of a drawing.¹³³ Significantly, licenses to produce protected articles would be available as of right during the final five years of the term.¹³⁴

The proposed design right would be infringed by the production, use, or sale of any article embodying the design or a substantial reproduction of the design.¹³⁵ The provision for conversion damages which exists under the current copyright law would be eliminated.¹³⁶ To avoid problems arising from dual protection, the new right would not impinge on articles which are artistic works qualifying for full copyright protection.¹³⁷ Again, to avoid problems of dual protection, the new design right would not apply to any design while it is registered under the Registered Designs Act 1949.¹³⁸

To achieve a balanced system, the Government has also proposed amendments to the Registered Designs Act 1949. *Amp v. Utilux* judicially limited the scope of the Registered Designs Act 1949 to designs having a substantial aesthetic impact. The White Paper, however, proposes to put the question beyond doubt and limit the 1949 Act to "genuinely aesthetic designs."¹³⁹ The result

Id. at 21.

133. *Id.*

134. *Id.* at 20. The spare parts exception which the House of Lords created in *British Leyland v. Armstrong* would not be carried over into the new system, but the proposed legislation would contain "a more limited exception to enable the owner of equipment to repair it or contract for someone else to repair it." *Id.* Moreover, to avoid the risk of abuses during the first five years of the term of protection, the Secretary of State would have discretionary authority to order compulsory licensing if the Monopolies and Mergers Commission should find that a design right had been exercised contrary to the public interest. *Id.*

135. *Id.* at 21. As in the current copyright law, a substantially similar design would infringe a protected design:

The new right will be infringed by carrying out, without authority, any of the following acts:

- (a) reproducing the design by making for sale, hire or use in trade or business an article embodying the design or a substantially similar design;
- (b) importing or possessing any such article for the purpose of selling or hiring it or using it in trade or business; or selling, hiring or offering or exposing for sale or hire any such article, knowing or having reasonable cause to believe that the article reproduced the design without authority.

Id.

136. *Id.* at 18.

137. *Id.* at 21.

138. *Id.*

139. *Id.* at 22.

The Government . . . intends to exclude from registration the design of any article where:

- (a) it cannot be shown that the aesthetic appearance of the article would be a material factor taken into account in its purchase, acquisition, or use; or
- (b) the article is an integral or working part of a further article, unless the appearance of the two articles are substantially independent.

Id. It should be apparent that subsection (a) of this proposed amendment would exclude Bauhaus design in favor of applied or ornamented design. Subsection (b) would

would be to legislatively limit the 1949 Act to instances where there is no absolute necessity that a particular design be used. Additionally, the term of protection under the 1949 Act would be increased from fifteen to twenty-five years.¹⁴⁰ The increased term is intended to account for the increasing importance of aesthetic design to industry, while the limitations to the scope of the Act would prevent functional designs from receiving a twenty-five year term of protection.

The new system of design protection would answer the objections which were raised against protecting the design of functional articles through copyright. The term of protection would be reduced from life plus fifty years to ten years, except in the case of genuinely aesthetic designs which would be protected for twenty-five years under the 1949 Act. The opportunity for monopolistic abuses of the new design right would be eliminated through the provision for compulsory licensing during the second half of the ten year term. The spare parts industry would especially benefit in this regard, because the demand for spare parts does not arise until some time after an article is first marketed. Finally, the overly harsh remedy of conversion damages would no longer be available. The new system, therefore, would remedy prior inequities and improve the balance between stimulating investment through protection and providing an openly competitive market.

The United Kingdom's experiences in the field of design protection are instructive for American proponents of design protection. As a threshold matter, regardless of the merits of protection for functional designs, it is unlikely that Congress will at any time in the near future enact legislation for the protection of purely functional designs. In the United Kingdom, while British Leyland lost the battle on this issue, it appears to have won the war through the proposal of the modified copyright system of design protection, which would include functional designs. The feeling in the United States, however, is that a designer must contribute something more than a mere sheet metal exhaust pipe or gear wheel before his efforts will be rewarded through design protection.

From the American standpoint, then, where did the British system go awry? The point of no return, it would seem, was the *Amp* case. The definition of "design" adopted in the *Amp* case, "absurd in its strictness,"¹⁴¹ forced designers to copyright. The British government has now proposed to perpetuate the rule of the *Amp* case

exclude spare parts, except ornamental parts such as the mascot for an automobile.

140. *Id.*

141. Crew, *Undesirable in Theory, Absurd in Practice — The Protection of Industrial Designs in England and New Zealand*, 2 AUCKLAND U. L. REV. 1, 7 (1975).

and limit the Registered Designs Act 1949 to genuinely aesthetic designs. The words "genuinely aesthetic" seem to speak more of applied art than of industrial art along the lines of the Bauhaus movement. Thus, it appears that the amended Designs Act would encompass little more than the current American copyright law with its separability standard. Design protection legislation along the lines of the Registered Designs Act 1949 would add little to existing American law.

The most recent American proposal, like the Registered Designs Act 1949, excludes a design if it is "dictated solely by a utilitarian function of the article that embodies it."¹⁴² The obvious intent of this provision is to exclude functional designs such as the exhaust systems in which British Leyland asserted copyright. The legitimate reason underlying this provision is to avoid any restrictive effects on competition which might arise where a particular design must be used to perform the desired function. In this respect, the exclusion of purely functional designs achieves the important goal of maintaining a competitive atmosphere in fields such as the spare parts aftermarket.

The *Amp* case illustrated, however, the inherent ambiguity of the exclusionary words "dictated solely by function." It is suggested that the overly strict construction of these words which the House of Lords sanctioned in *Amp v. Utilux* is to be avoided. If a variety of shapes can serve the same function, then there is no need for others to copy a design. Moreover, it is suggested that if many configurations are capable of performing the same function, there exist sufficient indicia of aesthetic design that the article should qualify for protection.¹⁴³ American courts could reasonably adopt this interpre-

142. H.R. 379, 100th Cong., 1st Sess. § 1002(d) (1987).

143. British Leyland suggested in the *Armstrong* case that this construction would minimize or eliminate the design copyright problem because it would force designers to rely on the Registered Designs Act 1949. Lord Bridge rejected this suggestion, however, finding that it was only peripheral to the main issue:

[C]ounsel for BL invited your Lordships to adopt a very much narrower construction of the exclusions in the 1949 definition than that which the House applied in the *Amp* case. They submitted that 'features which . . . appeal to and are judged solely by the eye' means no more than features which can be visually discerned and appreciated, and that the functional exception in the definition applies only to articles whose design is mandated by their function, in the sense that only an article of the precise shape or configuration chosen would be capable of performing the relevant function at all. You Lordships were referred to numerous [early] cases [which] . . . supported the narrow meaning contended for. I am prepared to accept that before the decision in the *Amp* case this view of the law was widely held but . . . it could not be an appropriate exercise of the power to depart from earlier decisions of the House to reject the construction of the 1949 Act adopted in the *Amp* case on a point which is at most only of peripheral relevance to the issue now to be decided. Whatever anomalies in the law may arise from the *Amp* decision, we must, it seems to me, accept them and attribute to them such importance as they

tation. It is suggested, however, that the most recent American proposal would be significantly improved if the functional exclusion were redrafted to exclude a design only where there is a necessity that the particular design be used to perform the desired function.¹⁴⁴

DESIGN PROTECTION IN NEW ZEALAND

As in the United Kingdom, industrial design protection in New Zealand has been an area of rapid development over the past decade. Until recently, the developments in New Zealand largely mirrored those in the United Kingdom. The New Zealand Supreme Court approved the practice of protecting industrial designs through copyright as early as 1975,¹⁴⁵ although New Zealand's Designs Act 1953¹⁴⁶ is specifically directed to the protection of such designs. Since 1975, the importance of the Designs Act 1953 has diminished and increasing use has been made of New Zealand's Copyright Act 1962¹⁴⁷ to protect industrial designs. Indeed, copyright has become the preferred method of design protection because the standards for obtaining copyright are less stringent than those for obtaining a registered design, and New Zealand does not exclude articles which would be registrable under the Designs Act from protection under the Copyright Act.¹⁴⁸

In 1985, New Zealand enacted amendments to its copyright law to address the inequities of protecting industrial designs through artistic copyright.¹⁴⁹ The most important of these amendments reduced the term of copyright in industrial designs, including functional articles such as spare parts, to sixteen years. Based on these amendments which distinguish New Zealand law from that of the United Kingdom, the New Zealand High Court recently held¹⁵⁰ that the House of Lords decision in *British Leyland v. Armstrong* will

merit.

[1986] 1 All E.R. at 856.

144. See Comment, *Protection of the Design of Useful Articles: Current Inadequacies and Proposed Solutions*, 11 HOFSTRA L. REV. 1043, 1068 (1983) (discussing similar design protection proposal and noting that a restrictive interpretation of the functional exclusion could unjustifiably cut short the range of design protection).

145. The New Zealand Supreme Court expanded the scope of the Copyright Act 1962 (N.Z.) to include industrial designs in the landmark case of *Johnson & Assocs. v. Bucko Enters.* [1975] 1 N.Z.L.R. 311. See generally Grinlinton, *Industrial Design and Copyright — Recent Developments*, 4 AUCKLAND U. L. REV. 399 (1983); Crew, *Undesirable in Theory, Absurd in Practice — The Protection of Industrial Designs in England and New Zealand*, 2 AUCKLAND U. L. REV. 1 (1975).

146. 6 N.Z. REPR. STAT. 111 (reprinted as on 1 Nov. 1980). The Designs Act 1953 is essentially equivalent to the United Kingdom's Registered Designs Act 1949.

147. 11 N.Z. REPR. STAT. 1 (reprinted as on 1 Nov. 1982).

148. See Grinlinton, *supra* note 145, at 399-400; Crew, *supra* note 145, at 7-8.

149. See Copyright Amendment Act 1985.

150. *Mono Pumps (N.Z.) Ltd. v. Karinya Indus. Ltd.*, Auckland Registry No. A1360/83, slip op. (High Court July 24, 1986) (Tompkins, J.).

not be followed in New Zealand.¹⁵¹ The effect of this decision, if affirmed on appeal, would be that industrial designs, including spare parts, may continue to enjoy copyright protection in New Zealand.

The 1984 decision of the New Zealand Court of Appeal in *Wham-O Mfg. Co. v. Lincoln Industries Ltd.*¹⁵² illustrates the evolution of artistic copyright law to protect industrial designs and provides valuable lessons for American proponents of design protection legislation. The *Wham-O* case involved claims of copyright in the toy flying discs known as "Frisbees."¹⁵³ Wham-O Mfg. Co., the American toy manufacturer, alleged that the defendant Lincoln Industries had manufactured and sold Frisbees in breach of Wham-O's copyrights.¹⁵⁴ The trial court held in favor of Wham-O.¹⁵⁵ The court issued an injunction restraining Lincoln from infringing Wham-O's copyrights and ordered the destruction of all infringing copies and an inquiry into damages.¹⁵⁶ Lincoln appealed.¹⁵⁷

The facts giving rise to the suit were unique in that they reveal the long reach of design copyright. Wham-O first developed a flying disc in 1957.¹⁵⁸ The upper surface of the disc was smooth and had no raised rings or ribs on the surface.¹⁵⁹ In 1964, Wham-O decided to redesign the Frisbee to improve its appearance and to distinguish the product from others in the American market.¹⁶⁰ To this end, raised concentric rings or ribs were added to the upper surface of the disc.¹⁶¹ Surprisingly, it was found that the rings improved the aerodynamic qualities of the discs and in 1967 Wham-O was issued a United States patent for the improved Frisbee.¹⁶² Between late 1964

151. *Id.*

152. [1984] 1 N.Z.L.R. 641 (N.Z. Ct. App.). Following the Supreme Court decision in *Johnson v. Bucko*, the law of design protection was somewhat uncertain in New Zealand. It was hoped that the Court of Appeal decision in the *Wham-O* case would clarify the law in this area. See Grinlinton, *supra* note 145, at 413-14.

153. [1984] 1 N.Z.L.R. at 644.

154. *Id.*

155. See [1984] 1 N.Z.L.R. 628. The trial court decision is reviewed in Grinlinton, *supra* note 145, at 407-09.

156. See [1984] 1 N.Z.L.R. at 644. The defendant Lincoln had also adopted Wham-O's "Frisbee" trademark. Although Wham-O had never attempted to register the mark in New Zealand, the trial court concluded that Lincoln's trademark application was not made in good faith. The court's order that the mark be expunged from the Trade Mark Register was upheld on appeal. See *id.* at 681-85.

157. [1984] 1 N.Z.L.R. 641.

158. *Id.* at 644.

159. *Id.* at 645. Wham-O obtained a design patent in the United States for the smooth-surfaced disc in 1958. *Id.* at 644-45.

160. *Id.* at 645.

161. *Id.*

162. *Id.* This was a utility patent, in contrast to a design patent. Wham-O was able to obtain a patent for the improved "Frisbee" despite the fact that the reason for re-designing the disc was solely to improve its appearance. Patentability is not affected by the way in which an invention is made. 35 U.S.C. § 103 (1982); see also 35 U.S.C. § 101 (1982) ("Whoever invents or discovers any new and useful . . . manufac-

and 1968, Wham-O introduced into the United States market three new Frisbee models which incorporated the raised rings.¹⁶³

The defendant Lincoln Industries learned of the Frisbee through Wham-O's Australian licensee.¹⁶⁴ In 1966, Lincoln purchased from the Australian licensee a mold and other know-how necessary to manufacture Frisbees.¹⁶⁵ Wham-O was not informed of this transaction.¹⁶⁶ Lincoln thereafter began to manufacture Frisbees which were very similar to those of Wham-O.¹⁶⁷

Wham-O, not having entered the New Zealand market, was unaware of the situation there, and it was not until 1979 that the company brought its action against Lincoln.¹⁶⁸ Wham-O was in an unenviable position in that it had never applied for patent or design protection in New Zealand.¹⁶⁹ Instead, Wham-O relied on the theory of design copyright.¹⁷⁰ The company contended that, under international agreement, its preliminary drawings, wooden models, and molds for Frisbees were protected as original artistic works within the copyright law of New Zealand.¹⁷¹ Moreover, Wham-O argued

ture . . . or any new and useful improvement thereof, may obtain a patent therefor . . . ") (emphasis added).

163. [1984] 1 N.Z.L.R. at 645. These were the familiar "Professional," "Regular," and "Master" models. Each model differed somewhat in the arrangement of the raised rings on the upper surface, and the master Frisbee also included rings on the under surface of the disc. *Id.*

164. *Id.* Lincoln's Managing Director learned of the Frisbee while visiting Wham-O's Australian licensee some time in 1965. *Id.*

165. *Id.* at 646. It is significant that the rights of Wham-O's Australian licensee were confined to Australia and did not extend to New Zealand. *Id.* at 645.

166. *Id.* at 646. The trial court found that both parties to the transaction were aware that Wham-O knew nothing of the deal. *Id.*

167. *Id.* at 646-47. Lincoln's initial run of 45,164 discs sold well to retailers, but did not catch the public fancy. The company halted production and did not reenter the market until 1973, when it was substantially more successful. Between 1973 and 1980, Lincoln sold 340,000 discs. *Id.*

168. *See id.* at 672-77. This section of the court's opinion addresses the defenses of estoppel by acquiescence and laches. The opinion sets forth in detail the facts surrounding Wham-O's gradual realization of the situation in New Zealand. *Id.*

169. *Id.* at 633.

170. *Id.* at 644.

171. *Id.* at 647-48. Wham-O also contended that its molded plastic Frisbees were works of art falling within the Copyright Act. *Id.* The Copyright Act 1962 (N.Z.) defines "artistic work" in section 2:

'Artistic work' means a work of any of the following descriptions, that is to say—

- (a) The following, irrespective of artistic quality, namely paintings, sculptures, drawings, engravings, and photographs;
- (b) Works of architecture, being either buildings or models for buildings;
- (c) Works of artistic craftsmanship, not falling within either of the preceding paragraphs of this definition.

Wham-O based its copyright claims on subsection (a) of the definition. Industrial designs may also be protected under subsection (c) as "works of artistic craftsmanship." Note, however, that a work must display some artistic merit to fall within subsection (c), whereas this is not the case under subsection (a).

that the Lincoln Frisbees infringed Wham-O's copyrights because the Lincoln Frisbees were substantial reproductions of these "artistic works."¹⁷²

The Court of Appeals upheld Wham-O's claims and dismissed the appeal. The first issue was whether Wham-O could claim copyright in its drawings, models, and molds.¹⁷³ The court reasoned that Wham-O's preliminary drawings fell within the definition of artistic works in New Zealand's Copyright Act because the definition includes drawings, irrespective of artistic quality.¹⁷⁴ Moreover, through an expansive reading of the definition of "artistic work," the court concluded that Wham-O's wooden models were "sculptures" and that Wham-O's molds were "engravings" falling within the scope of the Act.¹⁷⁵ The court also held that Wham-O's finished plastic Frisbees were "engravings" within the meaning of the Act.¹⁷⁶ Thus, the court construed the definition of "artistic work" with a view to expanding the scope of the Act to include industrial designs.

The court then considered whether the Lincoln Frisbees infringed Wham-O's copyrights.¹⁷⁷ Under New Zealand's Copyright Act, infringement is made out when the defendant reproduces a substantial part of the work in any material form.¹⁷⁸ Reproduction is defined to include versions produced by converting the protected

Designers, therefore, prefer to bring themselves within subsection (a) if at all possible. Typically, subsection (c) comes into play only in those cases where no drawings of the design exist. On the operation of the United Kingdom provision corresponding to subsection (c), see *George Hensher Ltd. v. Restawhile Upholstery Ltd.* [1974] 2 All E.R. 420 (H.L.). See also Grinlinton, *supra* note 145, at 404-05 (discussing *Restawhile* case).

172. See *infra* notes 177-82 and accompanying text for a discussion of the infringement issue.

173. [1984] 1 N.Z.L.R. at 685.

174. *Id.* at 649-50. The materials in which Wham-O claimed copyright originated in United States. Both New Zealand and the United States, however, are signatories to the Universal Copyright Convention of 1952, which entitles citizens of signatory countries to reciprocal copyright protection. See *id.* at 670.

175. See *supra* note 171 (definition of "artistic work"). Seven pages of the reporter are devoted to the court's analysis of whether the wooden models were "sculptures," and whether the molds were "engravings." In this section the court also considered whether the finished plastic Frisbees were "engravings" or "sculptures." [1984] 1 N.Z.L.R. at 655-62. This extended discussion indicates the developing nature of the law in this area. The court first examined the definitions of "sculpture" and "engraving" in section 2 of the Copyright Act (N.Z.) and decided that the definitions were inclusive, not exhaustive. *Id.* at 656. Thus, the court took into account the ordinary meaning of these words in making its determination. *Id.*

176. *Id.* at 662-63. The court concluded, however, that the finished product was not "sculpture" within the meaning of the Copyright Act. *Id.* at 660-62.

177. *Id.* at 663-70.

178. Under section 7(4)(a) of the Copyright Act (N.Z.), infringement occurs when a copyrighted work is reproduced in any material form. See [1984] 1 N.Z.L.R. at 663. Reproductions of a substantial part of a work are deemed to be reproductions, see *id.*, and substantially is a question of quality rather than quantity. *Id.* at 666.

work into a three-dimensional form.¹⁷⁹ The court held that Lincoln's Frisbees infringed Wham-O's copyrights because the discs copied the raised rings or ribs which were a substantial part of Wham-O's copyrighted designs.¹⁸⁰ Lincoln argued that its Frisbees escaped infringement because they were not exact reproductions,¹⁸¹ but the court rejected this contention and held that mere differences in dimensions would not allow Lincoln to avoid infringement.¹⁸²

On the issue of damages, the court held that Wham-O was entitled to conversion damages for each disc which Lincoln had sold within the six year statute of limitations.¹⁸³ Lincoln contended in this regard that the basis of damages should be the value of the discs at the time of manufacture.¹⁸⁴ Wham-O, however, argued that damages should be assessed based on the price at which the discs were put on the market.¹⁸⁵ The court reasoned that because the conversion of the discs occurred at the time they were sold to retailers, Wham-O's theory prevailed.¹⁸⁶

The *Wham-O* case is significant in several respects. The case is surprising because the reverse situation could not arise under American law. Wham-O's Frisbees would not qualify for copyright protection under the separability standard discussed earlier.¹⁸⁷ Thus, a foreign manufacturer who failed to obtain utility or design patent protection in the United States would be left without a remedy if the situation were reversed. Purely from a practical standpoint, then, the *Wham-O* case illustrates the immense substantive differences between the laws of the two countries. The case also has a bearing on three important points relevant to the design protection problem in the United States.

179. Copyright Act 1962, § 2; see also [1984] 1 N.Z.L.R. at 663. "Reproduction" is similarly defined in the United Kingdom. See *supra* note 89 and accompanying text.

180. [1984] 1 N.Z.L.R. at 670.

181. *Id.* at 669.

182. *Id.*

183. *Id.* at 680.

184. *Id.*

185. *Id.*

186. *Id.* at 681.

187. Under the separability standard, those features of a utilitarian article which may be identified separately, and are capable of existing independently as a work of art, are eligible for copyright protection. See *supra* notes 53-55 and accompanying text. A Frisbee is a utilitarian article, so the disc itself would not be eligible for copyright. The decorative rings on the discs are not physically separable from the discs, so the rings in themselves would not qualify as a work of art in this way. Conceptually, it is possible to envision a series of concentric rings existing independently, but it is difficult to see how a group of rings would qualify as a work of art. Standing alone, a group of rings seems to rise more to the level of an idea than a work of art. Indeed, the defendant raised the argument that Wham-O's suit amounted to an attempt to protect an idea through copyright. See *infra* notes 188-95 and accompanying text.

The first of these points relates to the proper scope of design protection. Intellectual property law, like other areas of property law, confers upon the owner the right to exclude others.¹⁸⁸ In this regard, the scope of the owner's rights should be commensurate with the degree to which the owner's contribution has enriched the useful arts.¹⁸⁹ If, as in New Zealand, a copyright form of protection is available for designs which are original only in the sense that they are not copied from the work of another, then the protection afforded to such designs should be narrowly limited. Certainly, copyright should not rise to the level of protecting ideas.¹⁹⁰

188. For example, a United States patent confers upon the patentee the right to exclude others from making, using, or selling the patented invention throughout the United States. See 35 U.S.C. § 154 (1982).

189. This concept is reflected in our intellectual property system as it exists today. Consider, for example, the balance which the patent system achieves between the requirement of invention and the scope of the property rights conferred by a patent. Functional articles are not protected from the point of view of their function unless they display a certain level of inventiveness. Thus, the patent law requires that inventions must be new, useful, and unobvious before they may be patented. See 35 U.S.C. §§ 101-103 (1982). If an invention satisfies these requirements it is patentable, and the patentee is granted the right to exclude others from making, using, or selling the invention. 35 U.S.C. § 154 (1982). Since an invention must be new to be patentable, only the first person to invent a particular invention is entitled to a patent. See 35 U.S.C. §§ 101-102 (1982). The patent carries with it the right to exclude others, including those who independently conceive of the same invention at a later date. This broad right to exclude even those who independently create the same invention is consistent with the significant contribution of inventors to society.

Moreover, the scope of protection which a patent affords the inventor will depend on the nature of the patented invention. Pioneer inventions, those which represent a major technological advancement, are entitled to a very broad range of protection. Inventions which represent only a minor advance in a crowded field of technology are entitled to a correspondingly narrower scope of protection. See *Westinghouse v. Boyden Power Brake Co.*, 170 U.S. 537, 561-62 (1898); *Hughes Aircraft Co. v. United States*, 717 F.2d 1351, 1362 (Fed. Cir. 1983); *Triax Co. v. Hartman Fabricators, Inc.*, 479 F.2d 951, 958 (2d Cir.), *cert. denied*, 414 U.S. 1113 (1973). The patent system, therefore, attempts to achieve a balance between the value of the inventor's contribution to society and the scope of the property rights which the inventor is granted. The same concept should hold for all forms of intellectual property.

190. Copyright protects only the manner in which an author expresses his ideas. See, e.g., *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 974 (2d Cir.) (copyright embraces author's original expression), *cert. denied*, 449 U.S. 841 (1980). The United States copyright law specifically provides that copyright protection does not extend to ideas. 17 U.S.C. § 102(b) (1982). Through this idea/expression dichotomy, copyright strikes a definitional balance between the first amendment and the protection of an author's expression. See *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 105 S. Ct. 2218, 2228-29 (1985). Thus, copyright should permit the free communication of ideas while still protecting an author's expression. *Id.*

To illustrate the problem which may occur in the area of design copyright, consider a diagram of a sphere. While there may be various ways to depict a sphere, each depiction can only convey the idea of a sphere. If the owner of the copyright in such a drawing could prevent others from reproducing spheres in three dimensions, the owner would obtain a monopoly over an idea. Since it is often difficult to discriminate between the aesthetic and functional aspects of an industrial design, design protection should be narrowly focused to avoid protecting the underlying idea of the functional article.

The *Wham-O* decision walks a razor's edge on this issue. Wham-O obtained patent protection for its Frisbee in the United States, but never applied for a patent in New Zealand.¹⁹¹ Lincoln contended that because its discs differed from Wham-O's in the number and placement of rings, Wham-O's suit amounted to a belated attempt to obtain protection in the nature of a patent.¹⁹² In sum, Lincoln alleged that the suit was one to protect an idea through copyright.¹⁹³ While the court rejected this argument,¹⁹⁴ it seems inconsistent that the court could go on to find copyright infringement relying on an authority which states in part that a copy is that which gives the viewer the idea of the original.¹⁹⁵ It is suggested that to avoid difficult cases such as this, the United States should enact legislation which creates a narrowly focused form of design protection.

The second point raised by the *Wham-O* decision relates to the type of remedy which should be granted for infringement of a protected design. It is absurd that Wham-O, through the fortuitous oversight of having failed to obtain patent or registered design protection in New Zealand, was able to recover conversion damages under the copyright law.¹⁹⁶ Indeed, New Zealand has recognized the

191. [1984] 1 N.Z.L.R. at 663.

192. *Id.*

193. *Id.* at 663, 665.

194. *Id.* at 665.

195. *Id.* at 670 (quoting *King Features Syndicate Inc. v. O & M Kleemann Ltd.*, [1941] R.P.C. 207, 210-11 (H.L.)). New Zealand courts have taken a particularly broad view of what constitutes copying. In *Frank M. Winstone (Merchants) Ltd. v. Plix Prods. Ltd.* [1985] 1 N.Z.L.R. 376 (C.A.), the plaintiff had designed a plastic shipping tray for kiwi fruit. *Id.* at 377. Apparently pleased with the plaintiff's design, the Government issued product standards based on that design and required that all kiwi fruit shipping trays comply with the standards. *Id.* To avoid copyright infringement, the defendant hired an independent designer who had never seen the plaintiff's trays and asked him to design a tray satisfying the Government's product standards. *Id.* at 377-78. Surprisingly, the Court of Appeal held that the resulting trays infringed the plaintiff's copyright, effectively giving the plaintiff a monopoly. *Id.* at 381. This decision borders on the protection of an idea through copyright. Several commentators have voiced the concern that courts are extending protection to ideas through the mechanism of design copyright. See, e.g., Grinlinton, *supra* note 145, at 403; Crew, *supra* note 145, at 9; Grant, *Reverse Engineering as Copyright Infringement*, J. Bus. L. 133, 139 (Mar. 1985) (United Kingdom).

196. See *supra* notes 183-86 and accompanying text. The provision for conversion damages in such a case is monstrous. The plaintiff is actually placed in a better position than if the infringement had never occurred. If the plaintiff had made the infringing sales itself, presumably the plaintiff would recover only a reasonable profit. Conversion damages, however, include both profits and all other costs. Thus, conversion damages overcompensate plaintiffs and include a significant punitive element. See *supra* note 126 (opinion of Lord Bridge, noting that in the fine arts conversion damages may be justified because the entire value of a copy accrues from the original work of the author, but that this rationale does not apply in the case of industrial designs). A more reasonable approach to damages is to award that amount which the plaintiff would have made if the infringer had not infringed. See *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 507 (1964) (discussing proper mea-

draconian nature of such damages in respect of functional articles, and the recent amendments to its copyright laws eliminate conversion damages as of right, leaving their availability to the discretion of the court.¹⁹⁷

An analogy to patent law illustrates the desirability of this amendment. The United States patent law, with its stringent safeguards of novelty and unobviousness, provides that a patent owner is only entitled to recover damages adequate to compensate for any infringement.¹⁹⁸ Typically, this involves an award of lost profits or a reasonable royalty for the use made of the patented invention.¹⁹⁹ An exception is made for cases of willful infringement, where the damages may be increased up to three times the amount assessed.²⁰⁰ As with inventions, the principal value of industrial designs lies in their utility. In keeping with the concept that the extent of an intellectual property owner's rights should reflect the value of his contribution to the useful arts, it is suggested that any United States design protection proposal should provide for a remedy less drastic than conversion damages.

The final point with respect to the *Wham-O* case involves the duration of protection for designs. Since New Zealand has abandoned any attempt to avoid the dual protection problem,²⁰¹ and the

sure of damages in patent infringement cases).

197. Section 25(1) of the Copyright Act 1962 provides for conversion damages, with an exception for innocent infringers in subsection (2). The Copyright Amendment Act 1985 adds a new subsection (2A) which amends subsection (1) to eliminate conversion damages for industrial designs:

(2A) Notwithstanding subsection (1) of this section, a plaintiff shall not be entitled to the rights and remedies referred to in that subsection in respect of infringing copies which are reproductions in 3 dimensions of any artistic work, or which are reproductions in 2 dimensions reasonably required for the making of the reproduction in 3 dimensions, or in respect of any plate used or intended to be used for making those infringing copies, unless the Court orders otherwise having regard to —

- (a) The flagrancy of the infringement;
- (b) Any benefit shown to have accrued to the defendant by reason of the infringement;
- (c) The sufficiency of the remedy of damages for infringement;
- (d) Any other matters the Court thinks fit.

198. 35 U.S.C. § 284 (1982).

199. Section 284 of Title 35 provides that the minimum measure of damages in a patent infringement case shall be a reasonable royalty for the use made of the invention. 35 U.S.C. § 284 (1982). Lost profits may be awarded if the plaintiff is able to demonstrate the extent of these profits through competent evidence. See *Central Soya Co. v. Geo. A. Hormel & Co.*, 723 F.2d 1573, 1578 (Fed. Cir. 1983).

200. 35 U.S.C. § 284 (1982); see also *Central Soya Co. v. Geo. A. Hormel & Co.*, 723 F.2d 1573, 1576-77 (Fed. Cir. 1983) (affirming award of double damages based on willful infringement).

201. See *Crew*, *supra* note 161, at 4. New Zealand's decision to ignore the dual protection problem allows all industrial designs to come within the ambit of the Copyright Act (N.Z.), regardless of whether they would be registrable under the Designs Act (N.Z.). *Id.*

requirements for obtaining a registered design are somewhat stricter than those for obtaining copyright in a design, designers have chosen the copyright route.²⁰² The anomalous result was that, as of the time of the *Wham-O* case, industrial designs in New Zealand could be protected for the author's life plus fifty years under the Copyright Act.²⁰³ New Zealand's Copyright Amendment Act 1985 addressed this problem, and reduced the term of copyright in industrial designs to sixteen years.²⁰⁴ American proposals for design protection legislation should provide for a similarly reasonable term of protection.

The 1985 amendments to New Zealand's copyright law provide a further point of interest. Based on the reduction of the copyright term in designs and other related amendments which distinguish New Zealand law from that of the United Kingdom, the High Court recently held in *Mono Pumps (N.Z.) Ltd. v. Karinya Industries*²⁰⁵ that the House of Lords decision in *British Leyland v. Armstrong* will not be followed in New Zealand.²⁰⁶ This holding, if affirmed on

202. In the words of one commentator, "the Designs Act is a shy maiden who protects very few designs, the Copyright Act a whore who accommodates them all indiscriminately. Crew, *supra* note 145, at 5. See also Grinlinton, *supra* note 145, at 400.

203. Copyright Act 1962 (N.Z.), § 8.

204. The Copyright Amendment Act 1985 adds a new section 20B to accomplish the reduction in term:

20B (1) The making of any object in 3 dimensions (including a reproduction in 2 dimensions reasonably required for the making of the object) does not infringe the copyright in an artistic work, if, when the object or reproduction is made, the artistic work has been lawfully applied industrially in New Zealand or in any other country more than 16 years before the object or reproduction is made.

Subsection (2) provides that an article is applied industrially if more than fifty three-dimensional reproductions are made for the purposes of sale or hire. It should be apparent that section 20B will reduce the term of protection for all industrial designs, not only those which fall within the scope of New Zealand's Designs Act 1953.

205. Auckland Registry No. A1360/83, slip op. (High Court July 24, 1986) (Tompkins, J.).

206. *Id.* In declining to follow the *British Leyland v. Armstrong* decision, the High Court focused on the amendments to New Zealand law which reduced the term of protection for industrial designs and eliminated the provision for conversion damages. *Id.* at 17-18. The court reasoned that since the legislature had expressly addressed itself to the design copyright problem, "any further amendment or exception should be enacted by the legislature, not imposed by the court." *Id.* at 18. Moreover, the court noted that the amendments effectively addressed those aspects of the law which Lord Bridge had found to be highly unsatisfactory in his opinion in the *Armstrong* case. *Mono Pumps*, slip op., at 18; see also [1986] 1 All E.R. at 859-60 (opinion of Lord Bridge). A final reason the court gave for rejecting the spare parts exception was that the British Government White Paper explicitly rejects the approach taken by the House of Lords. The court reasoned that because the White Paper proposes a new system of protection which would include spare parts, it was apparent that the British Government did not regard the spare parts exception to be a suitable long term solution to the design copyright problem. *Mono Pumps*, slip op., at 20. Accordingly, the court declined to introduce the spare parts exception into New Zealand law. *Id.*

appeal, would mean that functional designs such as those for spare parts may continue to enjoy copyright protection in New Zealand. In this regard, New Zealand law is more favorable to designers than the proposals which the United Kingdom intends to adopt. New Zealand copyright law does not provide for licensing as of right, so manufacturers whose products require replacement parts will in all likelihood be able to exercise a significant degree of control over the spare parts aftermarket for their respective products.

DESIGN PROTECTION IN AUSTRALIA

Australia has taken a significantly different approach to the design protection problem than either the United Kingdom or New Zealand. In 1981, Australia enacted major amendments to its Designs Act 1906, and these came into effect in April, 1982.²⁰⁷ The new amendments evidence a commercially oriented policy to promote investment in design, in contrast to the aesthetically based policy which underlies the United Kingdom's Registered Designs Act 1949. The Australian legislation is broad enough to encompass both applied designs and designs for the shape of an article according to the tenets of the Bauhaus movement. In addition, dual protection under the copyright law is prohibited. The result is that the Designs Act (Australian) is of much more significance to designers than the corresponding acts in the United Kingdom and New Zealand, and there has not arisen in Australia the wholesale practice of protecting designs through artistic copyright.

The most important aspect of the Australian Designs Act lies in its broad definition of "design." "Design" is defined as:

features of shape, configuration, pattern or ornamentation applicable to an article being features that, in the finished article, can be judged by the eye, but does not include a method or principle of construction.²⁰⁸

Notably absent from this definition is the requirement of the corresponding United Kingdom and New Zealand provisions that a design have features which "appeal to" the eye.²⁰⁹ Moreover, the new section 18 of the Designs Act (Australian) provides that registrability is not affected merely because a design incorporates features of

207. See generally Puri, *Design Protection in Australia*, 13 VICT. U. WELL. L. REV. 171 (1983) (discussion of 1981 amendments to Designs Act); Kewley & Stern, *Registered Designs (Australia)*, 58 L. INST. J. 534 (May, 1984) (overview of Designs Act as amended, 1981); Walker, *Recent Amendments to the Designs Act 1906 (Cth)*, 14 MELBOURNE U. L. REV. 89 (1983) (in depth analysis of amendments to Designs Act).

208. Designs Act 1906, § 4.

209. See Registered Designs Act 1949, 12, 13 & 14 Geo. 6, ch. 88, § 1(3) (U.K.); Designs Act 1953, § 2(1) (N.Z.).

shape or configuration which serve a functional purpose.²¹⁰ Read in conjunction, section 18 and the broad definition of "design" leave no room for the restrictive construction which the House of Lords placed upon the United Kingdom's definition of "design" in *Amp v. Utilux*.²¹¹ Thus, functionality is not a bar to registration under the Australian Act and a tremendous number of articles qualify for protection. This bespeaks a legislative policy to encourage investment in design, over and above any policy to promote a particular approach to design.

The Australian definition is preferable to those of the United Kingdom and New Zealand in the respect that it avoids setting up the law as the arbiter of good taste. The definition clearly does not exclude designs which embody a unification of form and function. The outer limits of this definition, however, are yet to be explored in the courts. It remains to be seen whether the Australian legislation now goes so far as to embrace designs which must of necessity be used to perform a particular function, such as those for spare parts. Moreover, although "a method or principle of construction" is excluded from protection,²¹² the meaning of these limiting words seems elusive at best. It is suggested in this regard that, while the House of Lords' approach in *Amp v. Utilux* seems overly restrictive, the Australian definition may swing too far in the opposite direction.

In addition to its broad definition of "design," the new Australian legislation contains relatively strict standards of novelty. As in the United Kingdom and New Zealand, a design must be "new or original" to qualify for protection in Australia.²¹³ In this context, "original" means something more than mere novelty, so the "new or original" requirement is stricter than the originality required for copyright,²¹⁴ where a work must be original only in the sense that it originates from the author. A design is not to be considered "new or original" if it differs "only in immaterial details or in features commonly used in the relevant trade" from a design that has previously been registered, published, or used in Australia in respect of the same article.²¹⁵ In contrast, the cognate United Kingdom and New

210. The new section 18 of the Designs Act 1906 provides: "An application for registration of a design shall not be refused, and a registered design is not invalid, by reason only that the design consists of, or includes, features of shape or configuration that serve, or serve only, a functional purpose."

211. See Puri, *supra* note 207, at 181 (noting that the interpretation of "design" expounded in the *Amp* case is now clearly inapplicable in Australia); Kewley & Stern, *supra* note 207, at 534 (same); see also *supra* notes 83-88 and accompanying text (discussion of *Amp v. Utilux*).

212. Designs Act 1906, § 4.

213. See Designs Act 1906, § 17(1) (Aust.); Registered Designs Act 1949, 12, 13 14 Geo. 6, ch. 88, § 1(2) (U.K.); Designs Act 1953, § 5(2) (N.Z.).

214. See *supra* note 76.

215. Designs Act 1906, § 17(1).

Zealand provisions do not include the bar based on prior use.²¹⁶ The Australian Act also provides that a design is not "new or original" if it is "an obvious adaptation" of a design previously registered, published, or used in Australia in respect of any other article.²¹⁷ Again, the corresponding provisions in the United Kingdom and New Zealand do not include the bar based on prior use.²¹⁸ Moreover, the Australian Act introduces the concept that obvious adaptations of previous designs are not registrable. In summary, the requirements for design registration in Australia contain somewhat more bite than those of the United Kingdom or New Zealand.²¹⁹

This increased scrutiny of design registration applications in Australia serves to balance Australia's broad definition of "design." In this regard, it may be asked whether the exclusion of obvious adaptations of previous designs borrows a strict inventive standard from patent law, as the United States design patent system has done.²²⁰ The concept of obviousness is well known in Australian patent law, although it differs both in substance and procedure from United States law.²²¹ Two reasons, however, support the conclusion that the obviousness concept has not been grafted onto Australia's designs law. First, the Designs Act mentions "obvious" adaptations in the context of determining what designs are to be deemed "new or original," a standard less strict than obviousness in the patent sense.²²² Second, under Australian patent law, obviousness only comes into play in opposition and revocation proceedings.²²³ The lack of similar procedural devices in the Designs Act again suggests that "obvious adaptation" in the context of designs has a much more limited meaning than "obviousness" as that word is used in patent law. Nevertheless, it is suggested that the exclusion of obvious adaptations of previous designs could serve as a vehicle to limit the extension of Australia's design legislation in respect of spare parts and other purely functional designs.

Australia's Designs Act takes on added importance to designers because dual protection under the copyright laws is prohibited. Sec-

216. See Registered Designs Act 1949, 12, 13 & 14 Geo. 6, ch. 88, § 1(2) (U.K.); Designs Act 1953, § 5(2) (N.Z.).

217. Designs Act 1906, § 17(1).

218. See Registered Designs Act 1949, 12, 13 & 14 Geo. 6, ch. 88, § 1(2) (U.K.); Designs Act 1953, § 5(2) (N.Z.).

219. See Puri, *supra* note 207, at 183 (noting that the 1981 amendments have considerably expanded the possible avenues of anticipation of a registered design).

220. See *supra* notes 25-33 and accompanying text.

221. See, e.g., *Minnesota Mining & Mfg. Co. v. Beiersdorf (Aust.) Ltd.* [1980] 29 Austl. R. 29 (High Court).

222. Obviousness is a measure of invention, see *supra* note 26, while the "new or original" test denotes little more than novelty. See *supra* note 76.

223. See Terry, *Unusual Aspects of Australia Law*, 15 LES NOUVELLES No. 2, 108, 110 (June 1982).

tion 77 of the Copyright Act 1968-1982 provides that the owner of copyright in an artistic work forfeits the copyright if the work is applied industrially without having been registered under the Designs Act.²²⁴ The broad scope of the Designs Act combined with the prohibition against dual copyright protection forces designers to rely on the Designs Act. Thus, Australia has to a large degree avoided the problems of protecting designs through artistic copyright.

Since the Designs Act is the preferred method of obtaining protection for a design, the other provisions of the Act are of interest. The Act confers a monopoly in the sense that independently created designs may infringe a registered design.²²⁵ This is in contrast to copyright, where copying must be shown. Protection for designs is limited to a maximum of sixteen years.²²⁶ With regard to infringement, a registered design is infringed by any person who applies the design infringes the design itself or any obvious or fraudulent imitation thereof.²²⁷ Finally, relief may be granted in the form of an injunction, damages, or an account of profits.²²⁸

In summary, Australia's design legislation has yielded more rational results than the corresponding legislation in the United Kingdom and New Zealand. Australia's Designs Act is a vital piece of legislation, whereas the Designs Acts in the United Kingdom and New Zealand have been eviscerated over the last decade through the rise of design copyright. In one sense, it may be said that the results in all three countries have been much the same. Australia protects both applied art and Bauhaus design under its Designs Act. The United Kingdom and New Zealand protect applied art through their respective Designs Acts, while Bauhaus design and purely functional designs come within the ambit of artistic copyright.

The important distinction between the two approaches is that Australia has accomplished through a single, cohesive system what the United Kingdom and New Zealand have done in a somewhat splintered fashion. Art and industrial design share some common elements, but there are important differences between art and design, and systems of artistic copyright and design protection should reflect these differences.²²⁹ It is therefore inappropriate that industrial

224. On the operation of this somewhat tortuously drafted provision, see Note, *Copyright/Design Overlap: Ogdon Industries, Ltd. v. Kis (Australia) Ltd.*, 10 SYDNEY L. REV. 419 (1984).

225. Designs Act 1906, § 25.

226. Designs Act 1906, § 27A.

227. See *Malley's Ltd. v. J.W. Tomlin Pty. Ltd.* [1961] 35 A.L.J.R. 352 (setting forth test for infringement of a design); *Kewley & Stern*, *supra* note 207, at 535 (same).

228. Designs Act 1906, § 32B.

229. In the field of fine arts, substantially the whole value of a work lies in the creative contribution of the author. In the case of industrial design, however, the de-

designs on the functional end of the scale between art and design have been the subject matter of artistic copyright in the United Kingdom and New Zealand. Both the United Kingdom and New Zealand have recognized this problem; the United Kingdom in its White Paper, and New Zealand in the 1985 amendments to its copyright laws as they affect industrial designs. It is suggested, however, that the unified system of Australia presents itself as a better model for design protection proponents in the United States.

THE MOORHEAD BILL

Thus far, several points have been examined. The initial portion of the paper considered the current status of design protection in the United States. A picture arose of a design patent system which has failed to achieve its goal of encouraging new and original designs for useful articles. Moreover, it was shown that copyright is not available as an alternative. Reference was made to the long standing nature of this design protection problem, and the principal stumbling block to reform was identified: the concern of some that a new form of design protection could result in undue restraints on competition. From this backdrop, an analytical review of three foreign design protection systems was undertaken. This analysis revealed that other nations have adopted strong design protection measures. While these measures may be too strong to gain favor in the United States, they are nonetheless valuable for the light which they shed on the balance to be achieved between protection and competition.

The final inquiry, then, must be whether Representative Moorhead's current proposal can meet the challenge of protecting American designers from those who would pirate their works, while at the same time maintaining an undampened competitive atmosphere.

The Moorhead bill proposes a simple registration procedure which would allow for ten years of copyright-like protection for original industrial designs.²³⁰ A design is "original" if it is "the indepen-

signer's contribution represents at best only a minimal fraction of the article's value. This important distinction suggests that there should be different remedies for infringement of artistic copyright and industrial design, as Lord Bridge explained in *British Leyland v. Armstrong*. See [1986] 1 All E.R. at 859-60.

The fine arts and industrial design also differ at their inception. Works of art are often the creation of independent artists, while industrial designers are typically corporate employees. As between a corporation investing in design and an individual artist, the nature of the reward for their respective contributions need not be the same. On the one hand, the artist may not reap the economic benefits of his efforts for quite some time, so long term protection is justifiable. On the other hand, a corporation need only protect its investment in design long enough to gain a market lead. Moreover, even in the case of a highly successful design, a manufacturer is likely to alter it after a relatively short time to prevent the design from going stale with the public. Thus, there is no need in the field of industrial design for extended protection.

230. H.R. 379, 100th Cong., 1st Sess. §§ 1001, 1005 (1987).

dent creation of an author who did not copy it from another source."²³¹ A design is excluded from protection if it is "staple or commonplace,"²³² or if it is "dictated solely by a utilitarian function of the article that embodies it."²³³ The bill defines a "design" of a useful article to be "those aspects or elements of the article, including its two-dimensional or three-dimensional features of shape and surface, which make up the appearance of the article."²³⁴ The bill provides that design protection will in no case extend to "any idea, procedure, process, system, method of operation, concept, principle, or discovery."²³⁵

An examination of these provisions suggests that they represent a workable solution to the design protection problem. The registration procedure, which requires only originality in the copyright sense, would remove the stringent requirement of non-obviousness present in the design patent system.²³⁶ Moreover, the provision for a ten year term of protection is eminently more reasonable than the long term protection which was until recently available under New Zealand law, and which will presumably be eliminated in the United Kingdom when the proposals contained in the White Paper are adopted. In this way, the American proposal avoids the possibility of stagnation in the area of design which could result from overly long protection.²³⁷

The bill's definition of design as those features "which make up the appearance of the article" is quite similar to the Australian definition.²³⁸ This definition is a good one because it is aesthetically neutral; no particular approach to design is favored.²³⁹ The definition is followed, however, by the troublesome rider which excludes designs "dictated solely by a utilitarian function of the article" which embodies the design.²⁴⁰ As discussed above, this provision

231. *Id.* § 1001(b)(3).

232. *Id.* § 1002(b).

233. *Id.* § 1002(d).

234. *Id.* § 1001(b)(2).

235. *Id.* § 1002(g).

236. The removal of the obviousness test would create a more objective situation in which designers would have a better idea of what designs can be protected. See *In re Nalbandian*, 661 F.2d 1214, 1219 (C.C.P.A. 1981) (Rich, J., concurring).

237. The 10 year term of protection is on a par with the terms which the other common law nations have proposed or enacted. See INTELLECTUAL PROPERTY AND INNOVATION, CMND. 9712, at 22-23 (Apr. 1986) (U.K.) (proposing 10 year term for all original designs, with the option of a 25 year term for genuinely aesthetic designs); Copyright Act 1962, § 20B, as amended by the Copyright Amendment Act 1985 (N.Z.) (16 year term); Designs Act 1906, § 27A (Aust.) (16 year term). *But see* Comment, *supra* note 34, at 131 (suggesting that 10 year term may be overly long).

238. See *supra* note 208 and accompanying text.

239. Cf. Crew, *supra* note 145, at 7 (suggesting that the law should be neutral on the question of aesthetics).

240. H.R. 379, 100th Cong., 1st Sess. § 1002(d) (1987).

would be improved if it were redrafted to clarify that a design should be excluded only if that particular design must be used to perform the desired function.²⁴¹ This change would achieve a unified system for the protection of both applied design and Bauhaus design, but at the same time would place clearer limits on the protection of purely functional designs than are present in the Australian system.

Turning to the other provisions of the Moorhead bill, the exclusion of "staple or commonplace" designs would prevent abuses such as attempts to register simple geometric figures. Similarly, that portion of the bill which precludes protection for ideas or procedures reflects the narrow scope of the bill. Read in conjunction with the other sections of the bill, this restriction would prevent design owners from receiving rights inconsistent with the ease with which protection may be obtained.²⁴² This is to be contrasted with the situation in New Zealand, where the *Wham-O* case exemplified the concern that copyright was being extended to protect ideas.

In the area of infringement, the Moorhead bill provides that independently created designs will not infringe a protected design.²⁴³ Infringement occurs only when the alleged infringer has copied the protected design.²⁴⁴ As Representative Moorhead stated in his remarks introducing the bill, these provisions are intended to create a narrowly focused form of protection aimed at the parasitic copyist.²⁴⁵

The Moorhead bill provides for remedies on a par with those available under the Australian system. The courts are empowered to grant injunctions restraining infringement.²⁴⁶ Damages are to be awarded in an amount "adequate to compensate" for any infringement, and the courts may award a design owner the infringer's profit if the infringer's sales are reasonably related to the use of the protected design.²⁴⁷ There is no provision for the conversion damages which were singled out for criticism in the United Kingdom and New Zealand design copyright systems.

CONCLUSION

In conclusion, the Moorhead bill would create a system of pro-

241. See *supra* notes 142-44 and accompanying text.

242. Since the bill requires only that a design be original to obtain protection, the design owner should be granted correspondingly narrow rights in the design. See *supra* notes 188-95 and accompanying text.

243. H.R. 379, 100th Cong., 1st Sess. § 1008(b) (1987).

244. *Id.* at § 1008(e).

245. 133 CONG. REC. E49 (daily ed. Jan. 7, 1987).

246. H.R. 379, 100th Cong., 1st Sess. § 1021 (1987).

247. *Id.* at § 1022.

tection for industrial designs and fill the void which now exists in the United States in this area. At the same time, the proposed legislation is narrow in scope. Where a particular design must be used to perform a desired function, it would not be entitled to protection under the bill. This limitation is more specific and hence more effective than those present in Australia's broad design legislation. Moreover, such a limitation would prevent the protection of function through design registration, in contrast to the design copyright systems in the United Kingdom and New Zealand. Under the proposed system, design piracy would be restrained, but in a competitive environment. It is therefore suggested that the Moorhead bill be enacted in the 100th Congress.

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