Where Art Meets Science; Beauty Meets Utility: The Strange World of Industrial Design Protection

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My purpose in writing this article is to examine the argument that the current legislative protection of industrial designs should be supplemented or replaced by an unfair competition regime. Such respected commentators as Professors Ricketson and Lahore have advocated the introduction of an unfair competition regime in the context of design protection. In this article, I agree that the introduction of an unfair competition regime could potentially not only provide assistance in overcoming the current difficulties of design protection, but could also allow a more flexible approach to protection in the face of increasing technological change. My contention is that the current scheme of protection is ineffective, largely because of the assumptions and values that the legislation is based upon. Because these assumptions and values are so central to the scheme of intellectual property protection in general, and designs protection in particular, alternative reform proposals, such as simply amending the designs legislation, or adding new sui generis regimes to supplement it, would continue to have little effect. I argue that the introduction of an unfair competition regime would be problematic, not least because of the resistance to such a regime on the grounds of certainty and competition, but that this resistance, at least in the context of design protection, may be misplaced. I have structured this paper by firstly examining the purposes of, and the background to, legislative design protection. I then proceed to examine three assumptions that underlie the legislative scheme and explain the origins of those assumptions. I then argue that these assumptions are no longer valid, and proceed to examine

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the issue of the introduction of an unfair competition regime in the context of design protection.

**The Ineffectiveness of the Designs Regime**

**Design Protection in Australia**

Industrial designs in Australia are protected by the *Designs Act 1906* (Cth), which creates a registration-based monopoly for designs which are sufficiently new and original. A design is defined as the features of shape, configuration, pattern or ornamentation applied to an article that can be judged by the eye. It does not include a method or principle of construction. Function is not protected unless it is incidental to appearance. A design is sufficiently new and original if it has not been previously registered, published or used in Australia.³

The duration of the monopoly is for a maximum of 16 years. Registration under the Act gives rise to a right in the owner (generally the author)⁴ of the registered design to bring an action against someone who applies the design or an obvious or fraudulent imitation of the design, who commercially imports the design or an obvious or fraudulent imitation of it, or who sells or hires any article to which the design or any fraudulent or obvious imitation of it has been applied.⁵ If a registered design is infringed, a court may grant an injunction, damages or an account of profits.⁶

The Australian legislation has been subject to a number of reviews and reports since 1973.⁷ Despite significant changes to the legislation in 1981 following the recommendations of the Franki Committee⁸ the legislation remains controversial.

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³ Section 17.
⁴ Unless the work is produced by an employee designer, or it is commissioned, when the person who employed the designer is the owner: s 19.
⁵ Section 30.
⁶ Section 32.
The most recent review was by the Australian Law Reform Commission in 1995. This Report was prompted by a number of concerns: that design protection does not adequately or appropriately protect the commercial worth of innovative features of designs; that the registration system is significantly under-used; that the law is unclear; that the relationship between design laws and other intellectual property laws, especially copyright laws, reveals gaps and overlaps; that protection should extend to innovative functional features, spare parts or methods of construction; that procedures are too slow and remedies too costly to obtain; and that there is a need to harmonise the various levels of international protection.9

The Report recommended that Australia should continue to provide a statutory design protection regime, but that reform should be achieved by the introduction of new designs legislation. It recommended that this legislation should continue to focus on the visual appearance of an article. It also advocated broader reforms in intellectual property protection, including a review of the advantages and disadvantages of introducing a broad anti-copying right into Australia’s intellectual property law. This review should consider unfair copying and unfair competition laws. To date, the recommended reform legislation, the *Designs (Visual Features) Act*, has not been implemented.

**Why Protect Industrial Designs?**

Copying, it is said, is an important aspect of capitalism.10 This view is reflected in the fact that, under the common law, not only was copying of industrial products largely condoned, but the ability to copy and undersell an originator’s product was considered to be the essence11 of competition (subject to the prohibition against passing off):12

...public policy involved in this area of the law is not the *right* to slavishly copy articles which are not protected by patent or copyright, but the *need*

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11 *Chas D Briddall, Inc v Alglobe Trading Corp*, 194 F 2d 416, 418 (2nd cir 1952). At common law, this right is circumscribed, to a relatively limited extent, by the doctrine of passing off.
to copy those articles which is more properly termed the right to com-
pete effectively.

Traditionally, the rationale for legislative design protection is to act as an incentive for manufacturing. There is, however, an inherent tension between design protection and competition policy. The legis-
lative protection of designs in Australia confers, in a similar manner to patents, a monopoly right. In wishing to motivate industry to in-
vest in new designs and to encourage originality\textsuperscript{13} by conferring a statutory monopoly, policy therefore demands that design protection should not be such that it stifles competition:\textsuperscript{14}

The encouragement given by the patent law to those who produce new and useful inventions, and by the law relating to Designs to those who produce new and original designs, is primarily to advance our industries, and keep them at a high level of competitive progress; but, in adminis-
tering these provisions, it is I think most important to bear in mind the fact that they are not intended, and ought not to be allowed, to paralyse or impede the natural and normal growth and development of the manufacturers which they are intended to benefit.

This policy balance is struck by requiring that the threshold test for protection is that a design be sufficiently ‘new’ or ‘original’. This test lies between that for copyright (where the work must originate with the author) and that for patent (where a higher degree of inventive-
ness is required). However, the test for designs is problematic, pri-
arily because the nature of design innovation is incremental.\textsuperscript{15} At the same time, designs ‘bear know-how on their face – so are vulnerable to rapid appropriation by second comers’.\textsuperscript{16}

\textsuperscript{13} Brown, id at 1386.
\textsuperscript{14} Allen West & Co Ltd v British Westinghouse Electrical and Manufacturing Co Ltd (1916) 33 RPC 157 at 162. See also Fisher and Paykel Healthcare Pty Ltd v Avcon Engineering Pty Ltd (1991) 103 ALR 239 at 248, and the rationale for protection given in the landmark US case of Mazer v Stein 347 US 201 at 219 (1954): ‘The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual efforts by personal gain is the best way to advance public welfare through the talents of authors and inventors in ‘Science and the Useful Arts’. As one commentator has put it, ‘the [incentive] theory [for IP protection] combines neatly biblical/natural rights theories of morality and fairness with free enterprise notions of reward for effort’: P Sumpter, (1992) \textit{NZLJ}, 151 at 152.
\textsuperscript{15} Gramophone Co Ltd v Magazine Holder Co (1911) 28 RPC 221 at 226 per the Earl of Halsbury; D Sebel & Co Ltd v National Art Metal Co Pty Ltd (1965) 10 FLR 224 at 226 per Jacobs].
This problem leads to a more refined version, perhaps, of the motivation rationale: that is, the argument that design protection is necessary to correct the market failure that results from ease of copying. Manufacturers may not be willing to invest if the prospect of profit is eroded by freeloaders copying the product, and driving prices down to their marginal costs, leaving the originator with no return. On this view, protection is warranted when the ease of copying impedes a producer’s ability to extract a reward through the market that consumers would otherwise pay willingly. As Franzosi has observed, there is a distinction to be made between embodying an idea in a new product, and simply copying. In the case of the latter: the ‘parasite considerably shortens his production process and saves the major part of expense which would be necessary if he designed independently’. In addition to the economic incentives, the literature identifies three subsidiary rationales for design protection. The first is the avoidance of consumer confusion. This policy goal is more likely to be achieved by the misleading and deceptive provisions of the Trade Practices Act (TPA) and by the tort of passing off (the latter being of lesser importance). The second subsidiary goal of design protection is fairness to the originator. Unlike many civil law jurisdictions, there has been relatively little interest in the protection of the moral rights of designers, or the fairness of copying. However, it can be said that one aim, albeit a subsidiary one, of the legislation is fairness to designers (although this is primarily expressed in economic terms, rather than in terms of natural rights). A third rationale is that a

17 The first piece of designs legislation was the Designing and Printing of Linens, etc Act 1787, 27 Geo 3 c 38 and the original monopoly right granted by this legislation was only for two months. This would suggest that the original intention was to give a designer lead-time to put an article on the market.

18 Judge Posner in Rogers v Keene 778 f 2d 334 (7th Cir 1985).


23 See, for instance, ALRC (1995), note 7 above, at 3.9. For an interesting argument that the theory is unimportant, but correct analogies are vital in judicial decision-making relating to new intellectual property common law rights, see DG Baird, ‘Common law intellectual property and the legacy of International News Service v Associated Press’ (1983) 50 U Chi L Rev 411.
register of designs serves to publish innovation, and thus bring ideas into the public arena.24

Some commentators have argued that designs should not receive special protection: the market should provide the necessary incentives (by enhancing performance, attracting customers or reducing production costs, for example). It is said that the market failure argument may be overstated: manufacturers may only need a very short lead time; and the risk of copying may be exaggerated: there is advantage in product differentiation; consumers may associate copying with inferior quality; copying may open up actions in passing off or trade mark infringement; and even where copying occurs, it may not help if utilitarian functions cannot be duplicated.25 Indeed, there is even a quasi-democratic argument (or at least a populist/consumerist argument) to be made for the absence of design regulation: design piracy allows the latest fashions or designs to be made available to less wealthy consumers.26 Other commentators have taken a more cautious view: 27

Perhaps competitive market forces are a sufficient stimulus to ensure that these benefits may be realised. On the other hand, the added inducement of legal protection may be necessary, or more effective, to achieve this end. A corollary to this point is a reassessment of the role of product imitation in the functioning of our competitive economy. Whether the common law policy of free imitation is competitively necessary in the light of present day conditions is at least doubtful, and some form of limited exclusive rights in a design does not, on the surface, appear harmful.

For the purposes of this article, I shall assume that designs should be protected against copying (indeed, I shall later argue that one reason for the view that designs should not be protected is related to the nineteenth century origins of design as a separate discipline). To some extent, the argument that designs receive no protection is made

24 'Though the encouragement of original thought and research is one aim of the systems [of patent and design], just as important is the desire to see results published so that they may be freely exploited by others at the end of the monopoly period, and so in the meantime the ideas should be available for the working out of improvements and variations'. WR Cornish, 'Unfair Expectation? A progress report' (1972) 12 JSPTL 126 at 130.

25 Denicola, note 19 above, at 725-6.


redundant by Australia's international obligations. My personal view is that both the economic incentive (in the form of market failure, rather than motivation per se) and the natural rights arguments are good bases for some form of protection of creative effort in industrial goods. A significant amount of recent literature supports design protection on the basis of market failure, although I recognise that there is relatively little support in the literature for protection on the basis of fairness to designers (outside civil jurisdictions). However, some support for this view is reflected in the ALRC's observation that, despite the fact that its questionnaire did not specifically ask whether respondents were using the registration system as a means of preventing competitors and others from copying their designs, almost all who answered the survey by telephone and almost half who responded by mail indicated that they were registering their designs in an attempt to prevent others from copying their innovations. I would suggest that fairness in the market place is a common (and justifiable) concern.

Background to Industrial Design Protection

Industrial design has been defined as:


29 The economic incentive argument is reflected in the ALRC's report: ALRC (1995), note 7 above. Despite the statements in Appendix C, 3.1 to the effect that 'a large number of respondents' indicated that the absence of protection would have no effect upon their research and development or capital investment, the ALRC's own figures show that 57% of respondents said their level of capital investment would decrease, and 15% said that they were unsure what the effect on their capital investment would be. 53% said that the amount of research and development would decrease, and 15% were unsure of the effect. Of those respondents who said that no protection would have no effect, or would increase levels of capital investment and research, a very large proportion were companies, rather than individual designers, suggesting that protection may correct a market assymetry.


31 ALRC (1995), note 7 above, Appendix C at 3.15. Comments received included: 'To prevent competitors from copying our design (this is not the same as excluding them from the market as they may have their own designs)'; and 'To try and prevent unscrupulous members of industry from stealing my ideas rather than having the honesty and integrity to come up with their own'.

32 J Heskett, Industrial Design, (Thames and Hudson, 1980) p 10. This is a somewhat wider definition than is commonly adopted by the legal fraternity. For instance, Ladas defined design as '... an ensemble of lines, surfaces, volumes and profiles connected with each other in subtle or unique ways so as to give a characteristic
... a process of creation, invention and definition separated from the means of production, involving an eventual synthesis of contributory and often conflicting factors into a concept of three-dimensional form, and its material reality, capable of multiple reproduction by mechanical means.

The distinguishing characteristic of design is the separation of the processes of design from the processes of manufacture. Thus, ‘design’ as something separate to manufacture, only became possible with the coming of the industrial revolution.

The first design protection was the *Designing and Printing of Linens, Cottons, Calicoes and Muslins Act 1787*, 27 Geo 3 c 38 and the original copyright granted to fabric printers by this legislation was for two months. Within a relatively short period of time, policy makers recognised that design was an important means of furthering nationalistic trade ambitions. By the 1830s in Britain, it was clear to members of the government that design had considerable economic advantages and warranted protection. Britain looked to France, which, at the time, led the way in design. Its protection was by means of a monopoly right and the British soon adopted a similar scheme of protection. The Act of 1839 gave protection to an ‘Article of Manufacture’


33 Heskett, id at 11.


35 The original Act was temporary but became perpetual in 1794, when protection was extended to three months.

36 Heskett, note 32 above, at p 184 notes that this economic push also led to the plethora of promotional exhibitions and displays of industrial goods organised by various government agencies. The Great Exhibition of 1851 took this idea to an international scale, and set off a succession of similar events around the world again.

37 Id at 183. In a speech in the House of Commons in 1832, Sir Robert Peel declared: ‘It is well known that our manufactures were, in all matters connected with machinery, superior to all their foreign competitors; but in pictorial designs, which were so important in recommending the production of industry to the taste of the consumer, they were unfortunately, not equally successful; and hence they had found themselves unequal to cope with their rivals’. Accordingly, a Select Committee was established by Parliament, to ‘inquire into the best means of extending a knowledge of the arts and of the principles of design among the people (especially the manufacturing population of the country). The evidence submitted to the committee showed a lack of trained designers and an expensive tendency to import foreign designs’. The 1839 Act followed the recommendations of this Committee.

38 The French Law on Designs, which was first enacted by Napoleon in 1805.

39 2 & 3 Vic c 17 s 1.
(not being a ‘Tissue or Textile Fabric’) in respect of its ornamentation, shape or configuration. This scheme of protection remained, in essence, the same, despite amending legislation passed in the years 1842 through to 1883, when design protection was incorporated into the *Patents, Designs and Trade Marks Act*.

As observed above, in Australia, designs are protected primarily by the *Designs Act* 1906 (Cth) which confers a monopoly right upon new and original designs. This Act was based upon the British legislation, and so was shaped by (and as I shall argue later, continues to reflect) the industrial revolution. The recent report by the ALRC showed that the designs regime as it stands does not serve to motivate industry, correct market failure or ensure fairness. The Report revealed that the Act is not utilised by many designers (despite the fact that design piracy would appear to be a widespread practice), and where it is utilised, designers do not perceive that it offers adequate

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41 Designs have some secondary protection through the common law doctrine of passing off, the *Trade Practices Act* 1974 (Cth) s 52 (which prevents misleading and deceptive conduct) and the *Trade Marks Act* 1995 (Cth).

42 The Bill was seen as a legislative expression of English law as it existed at that time: Senator Keating, Second reading, Designs Bill, Australia, *Parliamentary Debates*, 2nd Parl, 3rd Session, 20 June 1906, vol 31, p 394.

43 Of the major intellectual property regimes, copyright, patents, and trade marks, design protection has, traditionally, been the least relied upon: J Phillips, ‘International designs protection: Who needs it?’ (1993) *EIPR* 431; Ricketson, note 2 above, at 193; see also, P Sumpter, note 14 above, at 151. This seems to be a problem in the United States as well, the designs regime being described by one commentator as a ‘Cinderella who never goes to the ball’, see Brown, note 12 above, at 1356.

44 The ALRC Report, ALRC (1995), note 7 above, acknowledges that design piracy is a problem in Australia, but the only empirical evidence (at 3.18) it gives for this is based upon a 1971 study by Nicholas Owen. It would appear that empirical work in this area is called for. One American commentator, writing in 1983, estimated that piracy in that country at that time cost around $8.7 billion of revenue. The problem was particularly rife in the garment industry, where he estimated that piracy is around 5% of designs in a current season, to around 35% within one year of making the design public. The gain from pirated sales can be enormous: One apparel pirate in the US had gross sales of $200 million in 1981. See Note, ‘Designer Law: fashioning a remedy for design piracy’, note 25 above, at 865. We tend to think of piracy as a relatively recent phenomenon, but as relatively early in the history of design protection as 1839, concern was expressed that: ‘Under the present system, no sooner had a manufacturer brought forward a design which met with the public approbation, but it was immediately pirated and imitated’. Viscount Duncannon, Second Reading House of Lords, Designs Copyright Bill, Hansard 3rd series, April 15 to June 5 1839, vol 47, Monday April 29 1839.
The legislation seems to suffer from the problem identified by Reichman: 46

At their worst, the sui generis design laws operating on modified patent principles exclude the bulk of the designs they are nominally set in place to protect, or provide ineffective and costly protection against misappropriation of a kind that some countries make available ... in their laws of unfair competition at a much lower cost. At their best, the special design laws are of primary interest to big firms prepared to spend large amounts on research and development, advertising and the legal fees necessary to secure systematic design protection. In either case, the exclusion of commercial designs from copyright law on a theory that the creators’ needs are met by sui generis design laws all too often turns out to be chimerical, because existing laws do not actually cover the bulk of today’s design innovation for one reason or another.

I believe that a major cause for the ineffectiveness of design protection is that the legislation is based upon values and assumptions that are no longer valid.

**Current Design Protection is Based Upon Outdated Values and Assumptions**

**Assumption 1: There is a Meaningful Distinction Between Art and Utility**

Intellectual property rights are largely predicated upon the notion that there are distinctions to be made between art and science; between beauty and utility; the ornamental and the useful: 47

Throughout most of the nineteenth century, the separation of ‘beauty’ from ‘utility’ was an axiom rooted in Enlightenment ideals. Reformers who attacked ‘art for art’s sake’ as an elitist slogan found support for functionalism in Greek philosophy of art and pointed to Cellini’s saltcellars or Raphael’s candelabra as proof that art remained art even when applied to useful objects. But this lofty discourse minimised the eco-

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45 Id (ALRC Report) at 2.39-2.48. This problem is not confined to Australia. Effectiveness of legal protection in other countries has been so limited that industrial designers have often resorted to self-help. For a current example of such an organisation, see ‘ACID’ (Anti-Copying In Design) which has a web site at http://www.acid.uk.com/. In the US, an early attempt at designers’ self help was the Fashion Originators’ Guild of America, formed expressly to eliminate design piracy. It fell foul, however, of the Sherman Antitrust Act – an excellent example of the conflict between competition policy and design protection.

46 Reichman, note 16 above, at 134.

onomic aims of industrial art, which only came into its own when the industrial revolution had made it possible to reproduce useful articles in series and which then assumed the eminently practical task of increasing sales of goods on the general products market.

Although these distinctions are largely the result of historical accident or, at least, economic pragmatism, rather than design, their influence is very pervasive. We thus have copyright and patent regimes as the cornerstones of our intellectual property protection and have had difficulty in breaking away from this established pattern. These distinctions are embedded in our way of thinking, so we tend to approach reform issues from polarised viewpoints: the copyright approach to protection, where copying is theft; and the patent approach to protection, where protection is only warranted when required by the public interest. The very existence of a separate scheme of industrial design protection, however, sitting uneasily between the two regimes, and exhibiting features of each, shows that these distinctions are not easily made. As Reichman has observed:

Because industrial design partakes of both art and industry, it sits astride the Berne and Paris Conventions, which otherwise purport to subdivide

48 For instance, according to Senator Keating, Second Reading of the Designs Bill, note 42 above, at 394, the Australian Act was primarily introduced to gain the protection of the Paris Convention (under which domestic legislation had to cover the field of patents, designs, and trade marks). Even at this relatively early point in time, there was disquiet expressed that designs, copyright, patents and trade marks were governed by separate pieces of legislation:

I rather regret that this legislation should be of such a piecemeal character. I myself greatly prefer that we should get legislation dealing with a series of cognate subjects all allied in principle, all resting upon the same broad basis for protection for the fruits of a man's intellect, so far as possible within the four corners of one measure. (Senator Sir Jobiah Symon Second Reading of the Designs Bill, 1906 at 399).

49 On this point, see K Bowrey, 'Art, Craft, Good Taste and Manufacturing: The Development of Intellectual Property Laws' (1997) 15 Law in Context, 78 at 101 who argues that the distinctions between copyright, patent and design are not the result of historical accident. Rather, they resulted from the requirements, organisation and structure of those industries that were considered to be at the forefront of British economic progress in the nineteenth century.

50 A view put forward by Professor Lahore and referred to by Ricketson, note 2 above, at 199, who observed that this was reinforced by the fact that the Designs Office had responsibility for designs, but the Attorney-General's department had responsibility for copyright.

51 On this point, see L Bently 'Lords Designs Constraints' (1996) 59 Mod LR 453 at 459 who argues that the negative interpretation of design rights by judges can be, at least in part, attributed to the placement of the designs law between the fields of patent and copyright law.

52 Reichman, note 16 above, at 8.
the world's intellectual property system into mutually exclusive spheres dominated by the copyright and patent paradigms. Empirically, ornamental designs of useful articles ... seldom behave like the subject matters that either of these paradigms typically governs.

Reichman has argued that this 'legal hybrid' has been the subject of a cyclical pattern of over-regulation followed by under-regulation, and thus has been a destabilising factor in the world's intellectual property systems, despite a two hundred year history of attempted regulatory action. This pattern occurs because of an alternation between the application of copyright principles (overprotection) and patent principles (underprotection). In addition to this destabilising effect, and as a result of this uneasy place between patent and copyright, numerous 'gaps' and the 'overlaps' occur between the various regimes. As Lahore notes, sometimes the 'gap' is in copyright protection for functional designs; sometimes, it is as a 'gap' in design protection which, it is argued, should be expanded to protect function. Sometimes it is seen as a 'gap' in patent protection for low level functional innovation.

In particular, there has been considerable controversy over the copyright/design 'overlap'. This 'overlap' occurs because an original drawing of an article, for instance, may attract protection under the Copyright Act 1968 (Cth), while the mass-produced article itself may be registered as an industrial design. The concern then is that of excessive protection. The protection conferred is for far longer under the Copyright Act, and copyright requires a lower standard of originality. Thus, much of the material written in this area argues that designs should not receive the protection of copyright regimes: copyright protection is for artistic and literary works, not for the protection of the design of consumer products. As was said in one case:

... most of the difficulty in the present case arises from the attempt to apply concepts appropriate for copyright to mechanical articles of a functional nature which are substantially mass-produced and are not in any real sense artistic works. In my opinion, the task of providing adequate protection for the originator of such articles lies in the field of pat-

53 Id at 10.
54 Lahore, note 1 above, at 8.
56 Edwards Hot Water Systems v SW Hart and Co Pty Ltd (1983) 1 IPR 228 per Franki J at 258.
ents or designs rather than in the field of copyright. This is particularly so in the case of what I regard as fairly complex scientific articles like those under consideration in this appeal.

The prospect of dual protection raises particular concern. For this reason, the Copyright Act provides that an artistic work (as defined in s 10(1)) that is applied in two dimensions to an article, keeps its copyright protection. The article may also be registered as a design. If, however, a design has been applied in three dimensions to an article, and at least two such articles have been offered for sale, there will be no infringement of copyright.57 Protection must rely upon registration under the Designs Act.

The attempts to overcome the copyright/design ‘overlap’ have been problematic, and frankly, the distinctions made between ‘art’ and ‘commerce’ are illogical, given that the incentives offered by so-called ‘artistic copyright’ are also (indeed, always have been) directed to industrial and commercial interests.58 It seems hard to justify the distinction between copyright and design on the basis of art versus commerce when copyright protection has been extended to accounting forms59 and betting coupons.60

Attempting to deny copyright protection to designs, or attempting to fill the ‘gaps’ with yet more legislation,61 are futile exercises in an era of new technologies.62 It is becoming increasingly obvious that ‘the whole antithesis between utility and beauty, between function and art, is a false one’.63 These new technologies have a number of implications for design. The first, of course, is the ease of copying which they create. The second is the effect of increasing immateriality which serves to blur the traditional boundaries: boundaries between art and science and boundaries between the visual and other aspects of human sensoriality (touch, smell, sensitivity to vibration, tempera-

57 See Copyright Act 1968 (Cth) ss 75-77.
58 Moon, note 55 above, at 315.
60 Ladbroke (Football) Ltd v William Hill (Football) Ltd [1964] 1 WLR 273.
61 See, for instance, the recommendations of the ALRC Report (1995), note 7 above.
62 Lahore, note 1 above, at 19: ‘... it would be more fruitful to direct the inquiry to methods of copying that create “market failure” rather than to continue the difficult and often fruitless exercise of attempting to identify and create barriers between those who will be chosen of ‘the jostling queue of claimants beating at the citadel gate’.
63 M Crew, ‘Undesirable in theory, absurd in practice – the protection of industrial designs in England and New Zealand’ (1975) Auckland University LR 1 at 15.
ture and balance). 64 This immateriality also affects the techniques used for design: the usage of artificial representations, and images and diagrams composed by image generating machines are replacing the traditional tools, models and workshops. 65

An immaterial culture is emerging. It exists only because a heavily material base supports it and makes it possible. It is from the very outset a phenomenon – indeed, an epiphenomenon – resulting from technology. The future of design, then, for an artificial reality depends on the design of the hardware and specialised techniques that are the fundamental constituents of an artificial reality and that contribute to the creation of what one could call imago – generalised images, not necessarily confined to the visual mode.

Indeed, it has been suggested that the breakdown between the natural and the artificial world is so complete that everything within the material world is falling within the design compass, including creatures and intelligence itself. 66 Our current intellectual property regimes in general, and the designs regime in particular, are ill-equipped to deal with these developments.

Assumption 2: Design is Ornament

Design protection is based upon a nineteenth century aesthetic of design as ornament. The legal protection of design assumes that design is something that is applied to an article, rather than integral to it. An orange-squeezer, per se, is not protectable; but an orange squeezer concealed inside a Mayan pyramid, or decorated with bathing beauties is; 67 the functionally complete article ‘receives an addition of columns, hares or temples’ and is potentially protectable. 68 The design which conforms to safety standards may well not be registrable, but the design which contains unsafe but visually distinctive

65 Moles, id at p 268. This is a development also noted by Reichman, note 16 above, at 139, who writes:

The designer’s know-how consists in giving physical expression to technical, organisational, and marketing demands and in harmonising these demands with aesthetic features in products that yield the desired volume of sales within parameters set by the world market. Increasingly, this know-how includes the use of laser holograms, computer-generated displays, and other new techniques, as well as the psychological and sociological inputs of human factors engineering.

67 Brown, note 12 above, at 1343.
68 Franzosi, note 20 above, at 156.
features such as protruding door handles or unsafe bumpers, may well be capable of receiving protection. 69

The reason for this particular aesthetic is that we retain a nineteenth century view of the nature of design. In the nineteenth century, 'design' was new and, as a discipline, undeveloped. The rise of design coincided with new modes of manufacture that allowed the forms and styles of the past to become available to a wider population. Traditionally, ornament and decoration were a mark of a craftsman’s skill and expertise in working precious materials. 70 Large scale commercial production, however, meant that articles could be readily produced using new materials, such as cast iron, papier mache and gutta-percha, using new techniques of stamping, moulding, plating and veneering. These could reproduce the appearance of the craftsman’s skills and the appearance of precious materials. Rich textures and intricate designs, which had, up to this point, represented quality and exclusivity, became widely accessible at a greatly reduced cost. In one sense, ornament was seen as necessary to ‘complete’ a mass produced article, to ‘beautify’ it. 71 Indeed, we can see a modern equivalent of this today when designers seek to enliven a plastic surface by applying a pattern to it, often copying natural materials such as wood or marble. 72 At the same time, ornament signified socio-economic status. Generally, simplicity of design was associated with the working class;

69 Crew, note 63 above, at 6. A good illustration, as Crew points out, is to be found in Darling v Homer [1964] RPC 160; [1965] Ch 1.

70 Heskett, note 32 above, at p 55. Interestingly, at pp 58-59, he points to a considerable difference on this point between America and Europe: European attitudes were based on craft traditions, in which the value of a product, both economically and aesthetically, was to be found in the extent of skilled work it embodied. The American approach was based on industrial methods, which emphasised quantity and utility for wider sections of the population. However, in time, mass produced goods in the US did cater for the 'fashionable taste for ornamentation and decoration'. This was largely a reaction to disparaging comments made by European visitors on the cultural inferiority of the Americans, and partly as a result of comparisons made between American goods and European goods at international exhibitions. In addition, European suspicion of machine products was implanted in Americans as a result of the writings of Ruskin and Morris.

71 In a lecture by William Dyce in the Journal of Design, quoted by Heskett, id at 21-22, it was said that: 'ornamental art is an ingredient necessary to the completeness of the results of mechanical skill. I say necessary, because we all feel it to be so. The love of ornament is a tendency of our being. We all are sensible, and we cannot help being so, that mechanical contrivances are like skeletons without skin, like birds without feathers – pieces of organisation, in short, without the ingredient which renders natural productions objects of pleasure to the senses'.

72 Dormer, note 66 above, at p 64.
ornament with the aristocracy: ‘... simplicity stems from working needs, does not differentiate, is available to all and therefore democratic; decoration is pretentious, associated with middle-class ostentation, and socially divisive’.73

As ornament was used to denote class, or at least pretensions to class,74 it thus found a ready market amongst the new middle class who wished to proclaim their standing, wealth and position. Manufacturers readily acceded to this demand by using decoration to make simple articles appear more complex and expensive than was strictly necessary. The styles of the past were ‘pillaged’ in search of novelty.75

At the same time, there was a strong anti-industrialism movement led by Ruskin and Morris.76 To the anti-industrialists, honesty and truthfulness in design and manufacture lay in the hand-made,77 and in the forms and styles of the past.78 This movement at once alienated many artists from the world of industrial design and, ironically, increased the demand for industrial products that looked as though they were hand-made. This, of course, was possible because of the new methods of manufacture available.

This aesthetic of design as ornament has become embedded in the legislation. It can be found in the legislative definition of ‘design’.79 The focus of design protection was, and continues to be, upon appearance: 80

The design is the mental conception conveyed to the mind by the eye; it is the mental picture of the shape, configuration, pattern or ornament of the article to which the design has been applied...For a design to be protected there must be a special or distinctive appearance, something in

73 Heskett, note 32 above, at p 49.
74 Ibid.
75 Id at p 19.
76 Id at pp 19-20.
77 M Collins, Towards Post-modernism: Design Since 1851 (British Museum Press, 1987) pp 25 –27. It is, of course, a fine irony that the products Morris produced were expensive and could only be enjoyed by the privileged few. As Collins somewhat wryly notes: ‘... his workers were not wage slaves and there was no way round the problem of how to provide joy through labour at an economically viable level’.
78 Heskett, note 32 above, at p 26.
79 ‘Design’ is defined under the Designs Act s 4 as follows:

*design* means 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.
80 Dart Industries Incorp v Decor Corp Pty Ltd (1989) 15 IPR 403 at 408.
the design which captures and appeals to the eye. To have that effect, the design must be noticeable and have some perceptible appearance of an individual character...

For this reason, design novelty and infringement is 'judged by the eye', a test which has proved to be problematic, largely because the nature of design innovation is incremental.

Because protection focussed upon appearance, other aspects of design were subordinated. Form and function, for instance, are considered to be largely unrelated, and the protection of function is not considered to be the domain of designs, but of patents. Function is only protectable under the designs regime if it is incidental to appearance. Methods of construction, too, are not protectable by the Designs Act. Our legal protection of designs, then, is still based upon a nineteenth century aesthetic in which protection is extended only to the ornamental and the decorative. To some extent, this aesthetic, coupled with the mythologising of intellectual property rights, gave rise to the third assumption: that designs and designers are 'unworthy' of protection.

Assumption 3: Designers and Designs are Unworthy of Protection

Despite their commercial value, industrial designs are often considered to be less worthy of protection than other forms of creative effort. To some extent, of course, the very nature of design belies the creative process behind it:

Since the repetitive accuracy of machines has a precision the human hand cannot match, the shape and composition of industrial products rarely yield an indication of the participation and personality of the peo-

81 Despite the fact that appearance is protected, it is a fine irony that most jurisdictions have been reluctant to allow judges to assess design on the basis of merit:

It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits. At the one extreme, some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke ... At the other end, copyright would be denied to pictures which appealed to a public less educated than the judge.

From Bleinstein v Donaldson Lithographing Co 188 US 239, 251-252 (1903), quoted in Denicola, note 19 above, at 709 n9.

82 Crew, note 63 above, at 6, 17.

83 For commentary on the negative view taken of legal protection of industrial designs see Bently, note 51 above, at 459

84 Heskett, note 32 above, at p 10.
ple who make them. For this reason, and because of their multiplicity, ubiquity and frequent complexity, they sometimes seem to assume an alien and even overpowering life of their own. They are all, however, the manifestation of a process of human design, of conception, judgment and specification, translated into tangible, material reality.

However, even where the creativity of designers is recognised, recognition of the right to protection does not always follow. For instance, one commentator, arguing against copyright protection for designers, wrote that: 85

The threat of unjust enrichment is less worrisome than in other contexts, since we associate industrial design with the well-lighted drafting rooms of large commercial entities, and thus there are no images of starving novelists or destitute painters to tug at our heartstrings. For similar reasons, we are less concerned with artistic reputation or integrity. On a less emotional level, the arguments offered suggest that both the risk of appropriation and the extent of the potential harm are generally less for the industrial designer than for the novelist, movie producer or songwriter. Finally, the exclusion of industrial design from the scope of copyright need not be taken as an indictment of its validity or importance.

Such an attitude may be seen, perhaps, as a more particular instance of a view, identified by Gordon, 86 that there is unease about intellectual property rights in general. It does, however, reflect the pervasive mythologising of intellectual property noted by a number of commentators, including Vaver: ‘This ... is the easiest way to demarcate copyright law from patents: copyright protects persons who work in garrets, patents protect those who work in basement’. Copyright protects creative effort, artistic and literary works. Of course, as Vaver notes, the myth is easily dispelled, particularly in the case of copyright: copyright today protects a number of standardised products. 87 Even its origins were linked to protection of industry, rather than protection of art. Nevertheless, the myth is pervasive and industrial designers and their products do not fit neatly into the ‘myth’.

Again, this mythologising and its corresponding hierarchy of ‘worthiness’ amongst artists and designers has its roots in the growth of the division of labour in the nineteenth century. I have said above that design and industrialisation are intimately linked, because with the

85 Denicola, note 19 above, at 726. As a particularly strong proponent of this view, see, for instance, Weston, note 40 above.
rise of industrialisation came the division between designer and manufacturer. A further characteristic of the division of labour that took place in this period was that draftsmen executed much of the designing that occurred. Gloag attributes much of the nineteenth century passion for ornament to this rise of the draughtsmen, 'men whose talent for drawing enabled them to copy patterns and ornament and to devise all manner of ingenious perversions of form'.\footnote{Gloag, note 34 above, at p 86.} He goes on to describe the nineteenth century passion for ornament as the 'curse of the acanthus leaf'.\footnote{Id at p 93.} Under a drawing of such a leaf, he writes:\footnote{Id at p 88.}

Such conventional ornaments retained some individuality when they were carved in stone or wood, or shaped in wrought iron; and although repetition was the avowed aim of all such ornaments, and of the classic orders themselves their rows of identical columns, the personal skill of the carver or smith gave vitality to the forms an architect, or a fashionable furniture maker or interior decorator, had ordained. But when industrial technique conferred enormous powers of repetition on manufacturers and designers, the results were monotonous. Mass-production acquired a bad name and 'machine-made' became almost a term of abuse, because industry's great powers of repetition were used to cast or press out ornament in metal or composition. Very few people designed for 'machine production.' Everybody was haunted by prototypes, even in the new forms of transport that were beginning to quicken the pace of life in the nineteenth century. The industrial revolution got into its stride without the significance of industrial design becoming recognised: a man who could draw patterns and ornament was good enough for the manufacturer; as for the artist – industry frightened him, and he abdicated his responsibility for understanding and influencing contemporary life.

Coupled with the rejection of industrialism led by Ruskin and Morris, discussed above, there was a hierarchy associated with art and design: artists were 'worthy' of design protection; designers were, for the most part, not: 'In the hierarchy of cultural producers, the designer was neither artist nor craftsperson, but merely a specialist employee.'\footnote{Bowrey, note 49 above, at 91.}

This distinction can still be seen today, I would suggest, in the fact that works of artistic craftsmanship warrant copyright protection and
industrial designs do not. At one level, this distinction can be seen as a product of the anti-industrialist arts and crafts movement of the nineteenth century. Craft excellence involved 'a test of both functional and decorative mastery', so that craft came to be understood in opposition not only to art and science, but in opposition to manufacturing. On another level, its perpetuation can be explained by reference to the myth of the artist: mass produced objects seek to disguise the reality of their labour; craft objects celebrate it. In general, consumers do not wish to be reminded of the factory floor and its attendant evils of noise and monotony; the work of handcraft, in contrast, is associated with the pleasantness of the artist's studio. The contemporary craft obtains its meaning from its opposition to design (in terms of durability and the latter's planned obsolescence) and its separation from the ethic of price competitiveness.

The hierarchy of worthiness may also be a product of the way in which design is defined. Given the concern of the designs legislation for 'ornament' or 'decoration', and given the nature of design innovation as incremental, it is probably not surprising that there is a tendency for judges to trivialise design protection. The Earl of Halsbury described the designs legislation as 'grotesque', because it made 'everything capable of being made a peculiar and monopolous design'.

Questions of design/copyright overlap are currently dealt with in ss 74-77 of the Copyright Act (1968) (Cth). For a discussion of the distinction between works of 'artistic craftsmanship' and industrial designs, see Cuisenaire v Reed [1963] VR 719, where Pape J found that cuisenaire rods, used to teach primary school mathematics, were not works of 'artistic craftsmanship'. The distinction to be made, according to that case, was between work 'akin to Chippendale's chairs, Grinling Gibbons carvings, Gellini's candelabra, and the tapestry recently made in France for the new Coventry Cathedral' on the one hand, and pieces of wood cut and coloured by one Geronimo Gettegno, who 'admitted that he was not a skilled woodworker', assisted by 'a man who was employed by the Victorian Railways Commissioners at the Box Hill railway station'. Old socio-economic distinctions die hard.

Bowrey, note 49 above, at 87.
Dormer, note 66 above, at p 31.
Id at p 12.
Gramophone Co Ltd v Magazine Holder Co (1911) 28 RPC 221, 226. To be fair, in the same case, Lord Shaw said he did not see the problems with the legislation alluded to by the Earl:

... with regard to the novelty and originality of the Design, I think that the duty of a Court of Law is to protect an honest tradesman who has in the expertness and cleverness of his trade – such expertness and cleverness as distinguish a good tradesman from a bad tradesman – made an article of commerce; but it is only if it goes beyond that into the region – and not until it goes into the region – of novelty and originality that protection should be awarded. (at 227)
Similar instances of judicial cynicism, if not irritability, at having to decide upon such apparent trivialities as ‘the very fine differences between the blunt ends of two shafts’, the infringement of the design for a plastic bucket used to build turreted sandcastles or the infringement of a dress design can be found in design cases. An excellent example of such irritability may be seen in a case that concerned the design for a shirt collar:

The only excuse for this case having taken so much time is that I am told, and therefore believe, that commercially there is very great value in the Plaintiff’s design; otherwise, that something like three hours should have been expended in determining a question as to the shape of a collar, is something shocking to any person who knows the value of time.

And there seemed to be some sympathy for this view in the Appeal Court:

[There is no substantial novelty in the new design]. It has been said that if we so hold, the result will be that no shirt collar can be registered. That is a conclusion which to my mind is neither astonishing nor alarming. It is not astonishing when we regard the fact, of which we may taken judicial cognizance, that shirt collars have been worn for many years, and that the fashion has been changing perpetually with regard to the form and design, and it will not be any great calamity to the world if it proves impossible to register a design for them.

These Assumptions should be Challenged

These assumptions, that one can clearly delineate between art and utility; that design is ornament; and that designers and designs are unworthy of legal protection, should be challenged. It is no longer

97 Sumpter, note 14 above, at 152 quoting from Franklin Machinery Ltd v Albany Farm Centre Ltd and Anor [1992] BCL 100.
98 ‘Would a man who desired to construct a bucket of original design for the purpose of making turreted sand castles and having the Jones specification in his hands have said “That gives me what I wish?” Rosedale Associated Manufacturers Ltd v Airfix Products Ltd [1957] RPC 239 per Romer LJ at 250.
99 ‘Does a designer who herself designs and makes a frock cultivate one of the fine arts in which the object is mainly to gratify the aesthetic emotions whether in creation or representation? ... The frock when only looks at it qua frock as it might be held up in Court, goes a very little way towards gratifying the aesthetic emotions. It is quite a different matter when the frock is placed upon a lady of the figure and colouring which it is designs to suit, then the frock in that connexion may help to gratify the aesthetic emotions’. Burke & Margot Burke Ltd v Spicer’s Dress Designs [1936] Ch 400; [1936] 1 All ER 99 per Clauson J at 408.
100 Le May v Welch (1884) 28 Ch D 24, at 26, quoting the trial judge, Pearson J.
101 Le May v Welch (1884) 28 Ch D 24 per Fry LJ at 37.
possible (perhaps it never really was possible) to clearly distinguish between articles of beauty and articles of utility. 'In truth, of course, there is no line [between applied art and industrial design] but merely a spectrum of forms or shapes responsive in varying degrees to utilitarian concerns'.

The distinction between art and utility is becoming increasingly difficult to make in the face of new technologies. It is no longer possible to say that design protection should be given only to the ornamental and decorative. Our understanding of design, and the relationship between form and function, has matured considerably since the original definition of design was formulated. It is no longer possible to say that designers and designs are unworthy of legal protection. Certainly, the range of goods covered by the term 'design' is extraordinarily diverse. But this does not automatically mean that such items should not be protected.

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102 Denicola, note 19 above, at 741.

103 The contribution of the Bauhaus, of course, is the obvious illustration of a change in the understanding of design. For further discussion of this contribution, see Heskett, note 32 above, at p 101-104; Thomas Hauffe, *Design: A Concise History* (Laurence King, 1998), 74-77.

104 An excellent illustration of this can be seen in the classes of goods identified as protectable designs in the Locarno Agreement. These range from foodstuffs, through articles of clothing and haberdashery, travel goods, cases, parasols and personal belongings, brushware, textile piecegoods, artificial and natural sheet material, furnishing, household goods, tools, hardware, packages, containers, clocks, watches, measuring instruments, checking and signalling equipment, articles of adornment, means of transport or hoisting, equipment for production, distribution and transformation of electricity, recording, communication or information retrieval equipment, machines, photographic, cinematographic, and optical apparatus, musical instruments, printing and office machinery, stationery and office equipment, artists' and teaching materials, sales and advertising equipment, signs, games, toys, tents, sports goods, arms, pyrotechnic articles, articles for hunting, fishing and pest killing, fluid distribution equipment, sanitary, heating, ventilation and air conditioning equipment, solid fuel, medical and laboratory equipment, building units and construction elements, lighting apparatus, tobacco and smokers supplies, pharmaceutical and cosmetic and pharmaceutical products, toilet articles and apparatus, devices and equipment against fire hazards, for accident prevention and for rescue, articles for the care and handling of animals, machines and appliances for preparing food or drink not elsewhere specified and [perhaps unnecessarily, given the comprehensive nature of the classes], miscellaneous.

105 Senator McGregor, Designs Bill, Second Reading, In Committee, 20 June 1906. Parliamentary Debates 2nd Parl, 3rd Session, vol 31, 1906. A view also held by some judges. See, for instance, *Richell Pty Ltd v Kboury* (1994) 30 IPR 129; on appeal (1995) 32 IPR 289 at 299 per Spender J, who said, 'Design in all its forms is an extensive field where the subtleties of differences play a very large part. Good design, as His Honour [Jacobs J in *Sebel*] indicated, “represents great skill and much thought and experience”, and the essence of design is not to be denigrated by the humble nature, or ubiquity of the item or article of design'.
Why should not a man who uses his talents for the purpose of bringing out a design, which may be exceedingly valuable, enjoy the same protection as this Parliament gave to the man who writes a book, paints a picture, or produces some other work of art?

I would suggest that a primary reason for the ineffectiveness of the current scheme of protection, then, is that it is based upon these outdated assumptions and values. The notion that design is equated with ornament can still be seen in the definition of 'design', and in the tests for novelty and originality; the idea that one can distinguish between art and utility can be seen not only in the very existence of the designs legislation, but in the principle that design protection should not extend to function or methods of construction. The notion that designers are 'less worthy' of protection than other authors of creative effort can be seen in the legislature's attempts to refuse copyright protection to industrial designs. Because these assumptions and values are so central to the legislative scheme of design protection, simply amending the statute will continue, I suggest, to have little effect.

This contention is supported by the ALRC's recent recommendations. Despite a very comprehensive discussion of the issues relating to designs, the ALRC's recommended reform legislation would retain many of these assumptions. For instance, the recommended definition of design still focuses upon appearance.\textsuperscript{106} Indeed, its proposed legislation is entitled the \textit{Designs (Visual Features) Act}. Screen displays should not be protectable as designs.\textsuperscript{107} A registration system, conferring a monopoly right,\textsuperscript{108} should be retained.\textsuperscript{109} Designers are not given protection against unfair copying. A distinction is still made between protection for works of 'artistic craftsmanship' and works of industrial design. Works of artistic craftsmanship produced in multi-

\textsuperscript{106} ALRC Report (1995), note 7 above, recommendations 7, 8 and 9: A design should be defined as one or more visual features of a product; the definition of design should specify that the visual features of a product include its shape, configuration, pattern, ornamentation, colour and surface; and the reference to 'surface' should be taken to mean that the look of the surface is protectable, not the surface material or the feel of the surface.

\textsuperscript{107} Id recommendation 20.

\textsuperscript{108} Of 15, rather than the current 16 years: Id recommendation 105.

\textsuperscript{109} Id Recommendations 76 and 105. The primary reason given for this is that it allows Australian manufacturers to take advantage of the Paris Convention and Hague Agreement: 8.4 and 8.3. The registration system is to be supplemented by a publication system, but this system gives the applicant no rights - it simply destroys novelty in the design and stops another party from registering that design: 8.12.
ple copies are still protectable by copyright; industrial designs are not. In sum, it seems that the ALRC was caught by the assumptions behind our notion of design.

The art/science, and beauty/utility distinctions are particularly problematic, and the ALRC recognised this, but felt that wider reform was outside its scope of reference. The Report highlights the difficulty of reform: so long as we retain the twin pillars of copyright and patent, design must fall awkwardly in between. If we retain a designs protection regime that is separate to copyright and patent, we will continue to have the ‘boundary’ problems of ‘overlaps’ and ‘gaps’. If we introduce new sui generis legislation to fill the ‘gaps’, or even an unfair copying regime for industrial products, without allowing cumulative protection, we will continue to have boundary problems (and create complexity in the process). If we do away with the designs regime and fail to replace it with any sort of protection, not only will many works of creative effort not have any protection, we will also continue to have boundary problems at the edges of copyright and patent as creators argue for protection.

In France, there is a designs registration scheme, but protection is cumulative, that is, policy makers do not concern themselves with our ‘overlap’ problem. Under the ‘unity of art’ thesis, copyright protection is available for designs. However, in addition to the sui generis intellectual property regimes, French law is supplemented by an unfair competition regime. Could the introduction of such a regime in Australia, either as a replacement for, or as a supplement to, exist-

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110 Id recommendation 172.
111 As the ALRC noted, if we want to protect more than visual appearance with designs law, we must reform patent law; if we want to introduce an unregistered anticopying right, we must review the principles underlying both copyright and patent law: ALRC Report (1995), note 7 above, at 2.50.
112 Designs Law, 1909.
113 ‘[It is a remarkable thing that as long as the question is that of appreciating a work conceived through the inspiration of purely abstract and speculative thought, everyone is in agreement concerning the principle of unity of art..., but as soon as an application of art is involved, as soon as an immediate and direct use of the object appears indicated, then the most disparate opinions emerge, and, with the help of strong feelings, the result is the worst inconsistencies and the most unexpected contradictions’ E Pouillet, quoted in Reichman, note 47 above, at 1155-1156. Reichman goes on to note that the unity of art thesis, however, continues to elicit some scepticism, even in France.
The Consequences of Introducing an Unfair Competition Regime

A doctrine of unfair competition or misappropriation has been defined as 'a right against imitation, not requiring misrepresentation, of valuable intangibles', 'valuable intangibles' being further defined as 'an aspect of a plaintiff's person, product or business'. The doctrine was applied in International News Service v Associated Press where the parties were competitors in the gathering and distribution of news and its publication for profit in newspapers throughout the United States. The plaintiffs were members of the Associated Press, a cooperative organisation that gathered news for the benefit of its membership. International News Service, pirated the organisation's news by, inter alia, copying news from bulletin boards and early editions of members' newspapers and selling this to the defendant's customers. The Court found that this practice amounted to unfair competition. News, as between rival news gathering and publishing agencies, was regarded as quasi-property:

... the defendant in appropriating it and selling it as its own, is endeavouring to reap where it has not sown, and by disposing of it to newspapers that are competitors of the complainant's members, is appropriating to itself the harvest of those who have sown. Stripped of all disguises, the process amounts to an unauthorised interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped in order to divert a material portion of the profit from those who have earned it to those who have not, with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering news. The transaction speaks for itself, and a court of equity ought not to hesitate long in characterising it as unfair competition in business.

116 248 US 215 (1918); 63 Law Ed 211.
117 Id (Law Ed) at 221. In the US, the Supreme Court subsequently held that the copying of unpatented industrial articles could not be prohibited by state unfair competition laws: Sears, Roebuck and Co v Stiffel Co 376 US 225, 231 (1964).
The development of such a regime has been advocated by a number of commentators, although its precise formulation varies. The great advantage of an unfair competition regime is that it focuses upon the methods of copying, rather than the nature of the work copied. It thus has the potential to overcome the art/science and beauty/utility distinctions. Its introduction would also overcome many of the limitations of the present designs regime: the protection of appearance only; the assumption that design is mere ornament; the creation of legislative monopolies; and the cost and formality involved in a design registration system.

However, a common law doctrine of unfair competition has not been accepted in Australia, notwithstanding some expressions of the need for such a doctrine. There have been some judicial attempts to extend passing off to provide a remedy for unfair competition, but to date, misrepresentation, rather than misappropriation, remains the core of such an action. With some caution, I would suggest that this reluctance may be misplaced when considered with specific reference to the protection of industrial designs.

There are two main reasons for this reluctance to introduce an unfair competition regime. The first is that there are fears that the introduction of a misappropriation regime would stifle competition:

118 See, for instance, Karjala, note 30 above; Wendy J Gordon, 'On owning information: IP and the restitutioanry impulse' (1992) 78 Va L Rev 149; S Ricketson, note 1 above; Lahore, note 1 above.

119 In this context, it is worth noting that the Paris Convention’s objectives are the protection of ‘patents, utility models, industrial designs, trade marks... and the repression of unfair competition’.


123 For an argument justifying the retention of the doctrine of passing off in its current form, see M Spence, note 115 above, at 472.

124 Moorgate Tobacco Co Ltd v Philip Morris Ltd (No 2) (1984) 156 CLR 414 per Deane J at 445 to 446.
The rejection of a general action for 'unfair competition' involves no more than a recognition of the fact that the existence of such an action is inconsistent with the established limits of the traditional and statutory causes of action which are available to a trader in respect of damage caused or threatened by a competitor. These limits, which define the boundary between the area of legal or equitable restraint and protection and the area of untrammelled competition, increasingly reflect what the responsible Parliament or Parliaments have determined to be the appropriate balance between competing claims and policies. Neither legal principle nor social utility requires or warrants the obliteration of that boundary by the importation of a cause of action whose main characteristic is the scope it allows, under high-sounding generalizations, for judicial indulgence of idiosyncratic notions of what is fair in the market place.

There are also fears that such a doctrine would be too uncertain; that courts cannot determine the line between fair and unfair competition.125

I would suggest that these fears are overstated. In regard to the fear that the regime would stifle competition, there is an assumption that all competition, ethical or not, is a political, social and economic good.126 This is a dangerous assumption. Business does not, and cannot, run according to its own rules, but must operate within the rules and conventions of our social system. It must abide by issues of justice and morality.127 However, the pressures of competition are such that legal regulation is necessary: the temptation to 'cut corners' and behave in an unfair manner can be very great. As one commentator has argued:128

... too much concern for free competition tends to overlook two other vital public interests: the interest in and necessity for the maintenance of lawful competitive relationships between business competitors themselves, and the perhaps even more important interest of administering

125 Mogul Steamship Co Ltd v McGregor, Gow and Co (1889) 23 QBD 598.
126 I must admit here to sharing the scepticism of Ralston Saul as to the inherent 'good' of what he has so eloquently called the 'Holy Trinity of the Late Twentieth Century': competition, efficiency and the market place:
If these three mechanisms could be presented with both their strengths and their flaws, they would be valuable tools in a stable society. Treated as absolutes they quickly drag society into a confused and dangerous state where conventional wisdom is reliant on our denial of what we know to be wrong.
128 WJ Derenberg, 'Product simulation: A right or a wrong' (1964) 64 Colum L Rev 1178, at 1213.
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justice in individual situations without sacrificing any of the overall public policy of fostering free competition.

In regard to the creation of uncertainty, it seems that this has been a standard cry whenever the law has attempted to introduce notions of fair dealing into commercial matters. An analogous instance is that of the introduction of unconscionability into contract law;\(^{129}\) or the application of the Trade Practices Act provisions prohibiting unconscionable conduct and misleading and deceptive conduct. Judges have found the way to determine whether dealings should be struck down as exceeding the boundaries of fair dealings and effectively balanced the requirements of competition with the need for fairness. As one commentator has noted, 'judges are routinely asked to balance [such] competing interests against one another'.\(^{130}\)

In the French model, developments that do not fall into the recognised sui generis regimes are only protected by an unfair competition law where the additional element of deception is made out.\(^{131}\) Certainly, this would overcome some of the concerns about the extension of passing-off into a fully-fledged unfair competition law. However, in the French model design is, as I have already stated, cumulative, and much industrial design is capable of copyright protection.\(^{132}\) Allowing protection to be cumulative in Australia would be controversial. It could be argued that the duration of protection is too long; that the requirement of originality is too low; and that there is no certainty because of the lack of a registration system. But, in the case

\(^{129}\) See, for instance, the controversy generated by the classic unconscionability case Commercial Bank of Australia Ltd v Amadio (1983) 151 CLR 447. Unconscionability in its wider sense of inequity and unfairness was also the basis for such landmark (and controversial decisions) as Walton Stores (Interstate) Ltd v Maher (1988) 164 CLR 387; Trident General Insurance Co Ltd v McNiece Bros Pty Ltd (1988) 165 CLR 107; Pavey & Mathews Pty Ltd v Paul (1987) 162 CLR 221. Some commentators were concerned that such decisions would destroy the certainty, stability and predictability in contract law: see, for instance, R Baxt, 'Reform of the Law of Unconscionable Conduct: Redressing the Balance or Undermining Legal Certainty' (1992) 3 Journal of Banking and Finance Law and Practice 84. Others, while agreeing with the general direction of such decisions, expressed concern that unconscionability was too general a term to delineate the circumstances that would warrant judicial intervention in contractual relations: See, for instance, HK Lucke, 'Good Faith and Contractual Performance' in P Finn (ed) Essays on Contract, (LBC, 1987) and G Muir, 'Contract and Equity: Striking a Balance' 10 Adelaide Law Review 153.

\(^{130}\) Baird, note 23 above, at 420.

\(^{131}\) Derenberg, note 114 above, at 1.

\(^{132}\) Id at 8.
of industrial designs, I think that these concerns are somewhat mis-
placed.
Let us take the duration argument first: If design protects appearance, 
then it seems to me that there is little harm done to the public good if 
we prevent competitors from appropriating the appearance of an arti-
cle. Given the fast moving world of consumer goods, protecting a 
design for 15 years or for 50 seems to make little difference. Gener-
ally, appearance has a limited market life.
The originality argument is that ‘applied art suffered from a chroni-
cally low degree of creative content due in part to the subordination 
of aesthetic features to technical exigencies and to the marketing 
methods characteristic of a consumer economy’.\(^{133}\) This argument, 
however, seems difficult to sustain when copyright has already been 
extended to a range of mundane works, such as simple drawings or 
lists of factual data, so as to protect against the kind of slavish imita-
tion that modern technology has made possible.\(^{134}\) One may ask why 
it is that copyright regulation has assumed a ‘unity of literature’ in re-
gard to, say, computer programs, but not a ‘unity of art’.\(^{135}\)
The certainty argument simply seems to me to be confused. Copy-
right protects against copying. The ‘certainty’ invoked by a registra-
tion system is based upon the nature of the monopoly right – it is 
necessary to check the register because independent creation will still 
constitute infringement. This is not the case in an action for in-
fringement of copyright. The alternative argument relating to regis-
tration is that it is beneficial because it puts ideas into the public arena 
– but this may not be as important as it once was, given the extraordi-
nary capacity for the publication of designs that is created by the 
modern media, particularly the internet. Again, we need to be clear 
about the distinction between patents and designs (if, indeed, we are 
going to retain that distinction): if design is appearance, then its pub-
lication by means of sale, or advertising, instantly puts the idea in the 
public arena. Designs bear know-how on their face.\(^{136}\) Reverse engi-
neering is not required, and thus, the patent analogy is not really ap-
propriate in this context.
Nonetheless, in advancing these arguments, I am conscious of 
Reichman’s thesis that designs are subject to cycles of over and under

\(^{133}\) Reichman, note 47 above, at 1160.
\(^{134}\) Corish, note 24 above, at 131.
\(^{135}\) Reichman, note 16 above, at 12.
\(^{136}\) Ibid.
regulation. It may be that my concerns for design regime stems directly from what I see as a current situation of under-regulation. His answer would be to introduce a designs regime based upon a modified copyright approach that would provide relatively short-term protection, easily and cheaply, for industrial products. My concern here is that the law will still be faced with 'gaps' and 'overlaps'; and that new technologies will lead to a burgeoning of *sui generis* regimes.

**Conclusion**

Despite the fact that the design of industrial products has assumed considerable economic importance, industrial designs legislation is ineffective and, to many designers and manufacturers, irrelevant. The successful regulation of designs seems to be a very difficult task. It is a task, however, that we should pay close attention to. Designs have long been the neglected siblings in the intellectual property family; but they may prove to be extremely important. Reichman has argued that designs are the original legal hybrid: as such, they are the precursor of the many legal hybrids, such as semi-conductor chip designs and computer programs, that have attracted such regulatory attention in recent years. He reasons that such applied scientific know-how suffers from the same regulatory disabilities that have always characterised design – and thus our efforts to protect them are characterised by the same regulatory patterns. We need, therefore, to understand these legal hybrids and to formulate appropriate protection for them, rather than merely 'tinkering' at the edges of patent and copyright.

I have argued in this paper that design protection is ineffective, largely because of the assumptions and values that form the basis for the legislation. These assumptions include the notion that art and utility can be distinguished; that design is little more than decoration; and that designs are less worthy of protection than other forms of creative effort. Because these assumptions and values are so central to the scheme of design protection, simply amending the designs legislation in isolation will continue to have little effect. The most recent amendment proposed, the *Designs (Visual Features) Act*, exemplifies the ways in which these assumptions are likely to be perpetuated. In this paper, I have considered the argument that a *sui generis* scheme of protection for industrial designs should be supplemented or, indeed,

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137 As Dormer, note 66 above, at p 50 has noted, '... even an electric motor must look like a birthday present'.

138 Reichman, note 16 above, at 19.
replaced by an unfair competition regime. The introduction of an unfair competition regime, has the potential not only to overcome the difficulties of design protection identified in the ALRC report, but could also provide a more flexible approach to intellectual property protection in the face of increasing technological change. Although such a regime is likely to meet with some resistance, as it has done in the past, primarily on the grounds of certainty and competition, I would suggest that these concerns, although valid perhaps in other areas of intellectual property, are misplaced in the context of industrial design protection.