

# CAMLA COMMUNICATIONS LAW BULLETIN

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## Special Fashion Edition

## Protecting Fashion and the Role of Intellectual Property

**Jennifer Huby**, Partner, and **Ben Cameron**, Senior Associate, at HWL Ebsworth, discuss the various ways intellectual property can protect fashion.

In Australia, authors, musicians, playwrights, painters, sculptors, and even software coders, all receive immediate and automatic protection the moment their literal (or metaphorical) pen lifts off the paper. Generally, this protection is for the rest of their life and then a further seventy years.<sup>1</sup>

Fashion designers have a more difficult time for at least three reasons.

- First, copyright is most relevantly granted for artistic works (i.e. paintings, sculptures, drawings); and 'works of artistic craftsmanship' (which is dealt with in part 1.2 below). Fashion doesn't neatly fall into one of these categories, which can make it hard to show exactly what rights the designer holds, although generally the designer would own copyright in:
  - silhouette drawings of a garment that the designer makes (**Drawings**); and
  - artworks that the designer creates to be printed onto fabric (**Prints**).
- Second, fashion exists in a peculiar intersection of 'copyright' and 'designs' (not fashion designs but intellectual property 'designs') such that copyright in Drawings and Prints may be lost entirely.

- Third, the fashion industry has a long-standing and recognised practice of copying:

*The evidence indicates that copying and adapting the designs of other designers is the accepted modus operandi of designers, including reputable designers, within the industry; and that it is through this process that fashion products are created.<sup>2</sup>*

This means that copying is often rife, especially where the 'look and feel' of a garment is copied, which can make it very difficult to establish whether a designer's rights have been infringed.

It also gives rise to non-intuitive results. For instance, the Harlem designer Dapper Dan created the jacket on the left in the 1980s using fabric covered in the Gucci trade mark. This would almost certainly have infringed Gucci's (trade mark) rights. However, in 2017, the jacket on the right was 'designed' by Gucci.



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CAMLA

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1. Copyright Act 1968 (Cth) s 33.

2. Review 2 Pty Ltd v Redberry Enterprise Pty Ltd [2008] FCA 1588 [88] (Kenny J).

# Editors' Note

Our dear CLB readers,

Following our special bonus edition in June (who said 2020 wasn't a great year?), we are delighted to deliver to you our special fashion industry edition, focusing mostly on intellectual property in the fashion world. Now, let me assure you, in Eli's high-school yearbook, when his classmates were asked who among them was most likely to edit a fashion magazine, Eli received every vote available. Described as a pioneer of probably-doesn't-know-how-to-use-a-mirror chic, Eli was nominated by his peers as a likely fashion critic par excellence, in what can now be vindicated as a most prescient prediction. With fashion knowledge acquired from reading legal judgments, Eli has long been able to differentiate blue from such other colours as red, yellow and even orange.

But, fear not, dear CLB readers. You are in safe, begloved hands, with Eli's co-editor. As Karl Lagerfeld probably did not declare on his death bed: "You cannot spell 'Fashion' without Ash."

**Eli:** So Ash, who are you wearing?

**Ashleigh:** Eli. We spoke about this before the red carpet. It's not cool to ask that question anymore. (Zimmerman, though.)

**Eli:** Let us in on the thinking behind this special edition. Why fashion?

**Ashleigh:** Fashion trends invade all industries and professions in one way or another and law is no exception. Aside from the obvious wigs and gowns, well-tailored suits and the highest of heels, fashion law is fundamentally intellectual property law - it's designs, and trade marks, and copyright - and therefore something that is of central interest to our readers. The fashion industry has long driven innovation and technology. It's artwork, and drawings, and photography. It's marketing and advertisements and sponsorship. And so, some of the most interesting intellectual property decisions have been fashion industry decisions. It's an area that IP lawyers are regularly

dealing in. But also, it's October 2020, and we've been wearing the same trackies every day since March - and isn't the world just crying out for a CLB fashion industry special edition?

**Eli:** Completely. So what are we looking at in this edition?

**Ashleigh:** We have **Jennifer Huby** and **Ben Cameron** from HWL Ebsworth discussing the various ways of protecting original fashion with intellectual property. **Rebecca Smith** from G+T discussing trade mark law in the context of online retail following the Pinnacle Runway v Triangl judgment. Two of our favourite Young Lawyers reflect on our favourite fashion judgments: **Amy Campbell** from HWL Ebsworth looks at the Seafolly judgment and **Joel Parsons** from Bird + Bird looks at Elwood v Cotton On. We also have reports on two recent and highly successful CAMLA Young Lawyers events, being the Virtual Speed Mentoring event, by **Jess Millner** (MinterEllison) and the Non-Publication & Suppression Orders 101 webinar, by **Ellen Anderson** (Addisons).

**Eli:** Wonderful. But what if I wanted more?

**Ash:** Well, you're in luck then, Eli. We also have interviews with three of our favourite fashion lawyers. **Philippa Bergin-Fisher**, the General Counsel of Zimmermann, chats with you Eli; **Marina Mitrevski**, the General Counsel of The Iconic chats with **Bella Street**; and **Justin Cudmore** of the Australian Fashion Chamber and Marque chats with Marque's **Emma Johnsen**. Emma also has a piece in this edition on fashion IP in China following the Michael Jordan decision, which you promised her you wouldn't title "EmJ on MJ". **Anita Cade** and **Lachlan Wright** from Ashurst have a piece on copyright and tattoos; and I've written a piece on infringement and knockoffs in the fashion industry.

**Eli:** I've got to say, Ash. We've really, ahem, fashioned an excellent edition in difficult circumstances.

**Ash:** Oh dear. Thanks to all the contributors. We hope you enjoy!

The Gucci jacket, which appears to be very similar, may have infringed Dapper Dan's copyright by reproducing a substantial part of Dapper Dan's jacket. However, if Dapper Dan had been based in Harlin, Queensland instead of Harlem, New York, it is entirely possible that Gucci would not have infringed Dapper Dan's rights. This is because if he had sold many of the jackets, copyright protection in the Drawings for the jacket may have been lost as further explored below. Even if he had registered the jacket as a 'design', due to the time that had passed, he would have been unable to enforce the design.

## 1. Copyright Can Be Lost

A painter can generally rely on copyright to stop a sculptor making a sculpture of one of the painter's paintings (and indeed vice versa).<sup>3</sup> This is because copyright in a two-dimensional artwork (such as a Drawing on paper for the silhouette of a dress) includes the right to control any three-dimensional reproductions of it, say, as an actual dress.

However, copyright will be lost<sup>4</sup> if a fashion designer's Drawing is mass produced<sup>5</sup> in a garment which embodies the shape and configuration (what is referred to as the 'corresponding design') of the

Drawing. If so, third parties are free to copy the original Drawing from the date the product is first offered for sale or hire anywhere in the world.<sup>6</sup> This is the 'copyright/design overlap'.

### 1.1 What is a corresponding design?

A corresponding design is the visual features of shape or configuration which, when embodied in a product, result in a reproduction of the original artistic work. This only applies to 'shape or configuration' and not 'pattern or ornamentation'. For instance, the *'repeating, parallel grooves in the seat of a plastic chair and on its back which produced a noticeable visual effect constituted*

3. Copyright Act 1968 (Cth) s 21(3).

4. Ibid s 77(2)(a).

5. The legal term is 'industrially applied', and, per Regulation 12(1)(a) of the Copyright Regulations 2017 (Cth), will generally be satisfied where 50 or more products have been produced.

6. Copyright Act 1968 (Cth) s 74(1).

*features of shape or configuration not pattern or ornamentation.*<sup>7</sup>

The intention of this was to ensure that artistic works exploited as two-dimensional works (and were therefore ‘patterns’ or ‘ornamentations’) still receive copyright protection.<sup>8</sup> Therefore an artwork printed onto the surface of a fabric is not a ‘corresponding design’ and will not lose copyright as copyright can only be lost if there is a three-dimensional corresponding design.

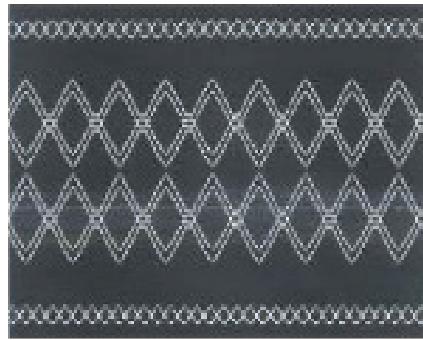
However, artwork on clothing can be both two-dimensional (as with printed designs) and three-dimensional, as with designs woven into items such as knits, weaves and tapestries. These three-dimensional reproductions could be a ‘corresponding design’.

It is not always clear as to when sufficient ‘three-dimensionality’ exists for embellishments to become a ‘corresponding design’. However, both the *Seafolly*<sup>9</sup> and *Polo Lauren*<sup>10</sup> cases suggested (without deciding the matter) that embroidery was not sufficiently three-dimensional.

It is also not clear as to what the precise distinction is between ‘shape and configuration’ (which would give rise to a ‘corresponding design’ such that copyright in the artwork would be lost) and ‘pattern and ornamentation’ (in respect of which copyright would continue).

In obiter, the Full Federal Court dealt with this issue in relation to Polo Lauren’s embroidered (and thus strictly three-dimensional) polo player logo on its shirts by finding that the logo was ‘conceptually distinct’<sup>11</sup> from the shirts. That is, the garment did not embody the original artistic work that is the logo and therefore copyright could not be lost in the logo.

It was also considered in *Seafolly*, where the following artwork was stitched onto Seafolly’s bikini tops:



City Beach also embroidered the same pattern on its bikini tops, and argued that copyright had been lost as a result of the copyright/design overlap. However, the stitched pattern was not a ‘corresponding design’ of the artwork because the bikini top itself was not made in the shape or configuration of that artwork. That is, the embroidered pattern only occupied ‘a part of the garment, which is not itself made in the shape or configuration of the artwork.’<sup>12</sup>

## 1.2 Works of artistic craftsmanship

To make the matter more complex, none of the copyright/design overlap issues arises if the original work is a ‘work of artistic craftsmanship’. That is, if the original work meets that definition, copyright will not be lost even if a corresponding design of the work is ‘industrially applied’.

The decision as to whether a product will be a ‘work of artistic craftsmanship’ has some interesting elements. For instance:

- the fact that it is made by machine does not prevent it being a work of artistic craftsmanship (although it might make it more difficult to establish). Where a ‘skilled person...uses those skills

*to set up and operate a machine which produces an article... it is a manifestation of the creator’s skill with computer-controlled machinery;*<sup>13</sup>

- being aesthetically beautiful is not sufficient to make a product a ‘work of artistic craftsmanship’. The craftsman must demonstrate artistic expression. To do so, he or she has to be ‘unconstrained by functional considerations.’<sup>14</sup> Thus, a hand-carved ‘plug’ for a boat was not a work of artistic craftsmanship because the designer’s primary aim in the design was functional: speed.

That said, a good takeaway message is that a mass-produced garment (especially one with a utilitarian purpose) is less likely to be considered a ‘work of artistic craftsmanship’. However, a wedding dress that has been designed as a ‘one-off’ and is hand-made, is more likely to be a ‘work of artistic craftsmanship’.

## 2. Protection Through Design Registrations

The designs registration process is intended to provide protection which would otherwise be lost due to the copyright/design overlap. However, as far as fashion designers are concerned, there are a number of significant deficiencies with the design registration process, including that:

- designs have to be registered before the design is first offered for sale anywhere in the world. This means that designs have to be registered before it is known whether they will be successful. Registering an entire season’s designs can be time consuming and costly and may not be needed for designs that are short-lived;

7. *Sommer Allibert (UK) Ltd v Flair Plastics Ltd* [1987] RPC 599 [613].

8. Revised Explanatory Memorandum, *Designs (Consequential Amendments) Bill 2003* (Cth) 4 [16].

9. *Seafolly Pty Limited v Fewstone Pty Ltd* [2014] FCA 321 [485-486].

10. *Polo/Lauren Co LP v Ziliani Holdings Pty Ltd* [2008] FCAFC 195.

11. *Ibid* [58].

12. *Seafolly Pty Limited v Fewstone Pty Ltd* [2014] FCA 321 [482].

13. *Coogi Australia Pty Ltd v Hysport International Pty Ltd* (1998) 86 FCR 154.

14. *Burge v Swarbrick* [2007] HCA 17 [83].



- design protection only lasts for five years (or a total of ten years if renewed) - compared with the *minimum* duration of copyright protection of 70 years; and
- once a design is registered, copyright is lost. This is particularly difficult given the copyright/design overlap uncertainties. Unnecessary design registration (for instance because the original work is a work of artistic craftsmanship or because the garment does not embody a corresponding design) will actually reduce the rights a designer has.

In May 2020, IP Australia stated that it will offer an automatic grace period of 12 months before the priority date. Designers could therefore release a design into the market and then decide within the next 12 months whether to register the design. However, any competitors that released a competing product during that time would have a defence of 'prior use'.<sup>15</sup> Therefore, designers can only stop competitors from using their design after they register it. The Bill to do so has yet to be introduced though, and no time frame has been set.

If introduced, this grace period would alleviate the requirement that designs have to be registered before first offer for sale. Designers will have an opportunity to see how the market reacts to their garments before making the decision to register the underlying design.

### 3. Copyright Infringement

Assuming that a designer has copyright in respect of a garment and believes that someone else has copied it, there are two relevant questions in any copyright infringement case.

First, has some part of the designer's original work (probably a Drawing or Print) been copied?

Second, are those copied parts a 'substantial part' of the designer's original work?

#### 3.1 Has some part of the original work been copied?

Copyright protects against the act of *reproduction* or *copying*.

The first thing to consider is whether there has been an act of copying. Any similarities could be a mere coincidence. It is possible for a work to be created that is the same as, or similar to, another work by mere accident and without any copying of the other work. As long as each designer independently created their designs, even if they are identical, copyright will not have been infringed. On the other hand, subconsciously copying another design will still be 'copying' and infringe copyright.<sup>16</sup>

Where there is a 'smoking gun' (such as an email directing a designer to copy the original)<sup>17</sup> it will be difficult to argue that no copying occurred. Similarly, it may be difficult when it can be shown that the alleged infringer had access to the original. Alternatively, the similarities between the two may be so significant that it gives rise to a presumption of copying. In *Eagle Homes Pty Ltd v Austec Homes Pty Ltd*,<sup>18</sup> a residential architectural matter, the 'layout and traffic flows and the shapes, proportions and interrelationships of the rooms and other spaces' of the two designs were sufficiently similar to justify inferring that the latter copied the original.

The second thing to consider is what exactly has been copied.

It might be an exact pixel-for-pixel copy which would be an obvious copy. At the other end of the spectrum, the 'look and feel' may have been copied. This concept can

be most intuitively demonstrated by the example of using a thesaurus to replace every word in a paragraph or by translating it into another language. This would almost certainly amount to copyright infringement, notwithstanding that no two words were identical, because the structure, layout and/or meaning are replicated in the new paragraph. In the world of fashion, this might be the elements, colours, arrangement, layout, flow, brush strokes, and/or combinations of them.



For instance, in *Elwood Clothing Pty Ltd v Cotton On Clothing Pty Ltd*,<sup>19</sup> the defendant (whose Print appears on the right) argued they only copied the idea instead of the expression of Elwood's Print on the left. Cotton On's Print copied the '*layout, the selection, arrangement, and style of the various elements*'<sup>20</sup> of Elwood's Print and was considered to be a copyright infringement.

15. IP Australia, *Response to public consultation: Implementing accepted recommendations from the Advisory Council on Intellectual Property Review of the Designs System* (2020) 6, 7.

16. *Francis Day & Hunter Ltd & Anor v Bron & Anor* (1963) Ch 587.

17. *Seafolly Pty Limited v Fewstone Pty Ltd* [2014] FCA 321.

18. *Eagle Homes Pty Ltd v Austec Homes Pty Ltd* [1999] FCA 138.

19. *Elwood Clothing Pty Ltd v Cotton On Clothing Pty Ltd* [2008] FCAFC 197.

20. *Ibid* [78].

The third thing to consider is who is responsible.

Ladakh Pty Ltd was upset when Quick Fashion Pty Ltd began selling a dress using a very similar butterfly Print to Ladakh's butterfly Print. Quick Fashion removed the offending dresses from sale, but the matter still ended up in court. Despite the fact that Quick Fashion *agreed* the Print on their dresses infringed Ladakh's Print, Quick Fashion argued that it had innocently purchased fabric with the infringing Print from its Chinese supplier. As there "was no 'smoking gun' with respect to the means by which [Quick Fashion] came into possession of [the infringing Print],"<sup>21</sup> and Quick Fashion withdrew the dresses from sale once they knew of the infringement, it did not infringe Ladakh's copyright in its butterfly Print.

There may, of course, have been an infringement by the Chinese supplier of Ladakh's copyright but that is much harder to prosecute.

However there was a different outcome in the Spotlight case.<sup>22</sup> As in *Ladakh*, Spotlight had received its fabric prints from its supplier and had no reason to doubt the supplier owned the copyright. However, Spotlight continued to offer the infringing products for sale after The Dempsey Group Pty Ltd notified it of its rights. In fact, more than 70% of Spotlight's sales occurred after they had been advised of Dempsey's rights. Ultimately, each sale by Spotlight after it was notified of Dempsey's rights was an infringement of Dempsey's copyright.

Some of Dempsey's and Spotlight's respective Prints and the copied elements are set out below, along with a summary of the findings in that case: (see below).

### 3.2 Do the copied parts amount to a substantial part of the original?

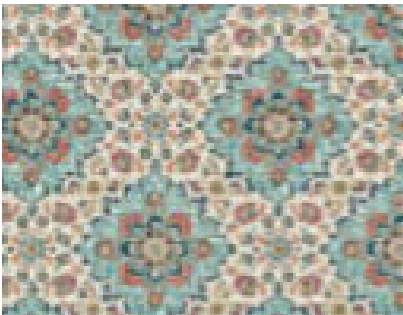
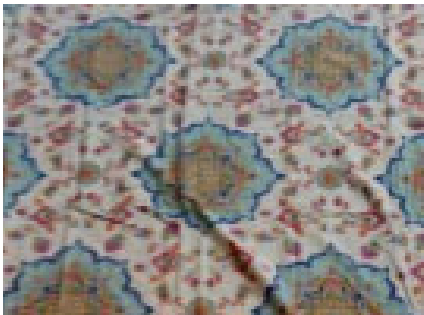
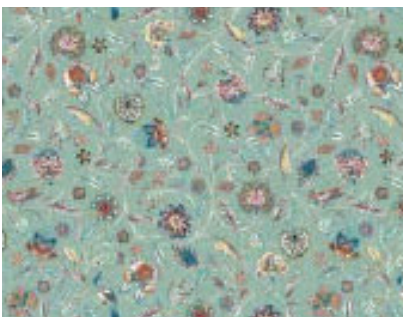

This step takes the elements that have been copied and asks whether

those elements are a 'substantial part' of the original. The question is:

*whether the features which the judge found to have been copied from Ixia formed a substantial part of Ixia as an artistic work ... why, in answering that question, should it be relevant to consider whether [the copy] did or did not look like [the original]?*<sup>25</sup>

It is not necessary to look at the infringing copy, or even to compare the infringing copy with the original. Instead, *'it is important to consider whether the taken portion is an 'essential' or 'material' part of the [original] work... by considering the originality of the part allegedly taken.'*<sup>26</sup>

In the *Elwood* case (referred to above), the original Print was almost entirely text based. However, the greatest amount of effort and skill went into the layout instead of the choice of words and numerals. Cotton On's version therefore 'reproduced...a substantial part of [the] design or layout' of the original.<sup>27</sup>

Dempsey Print	Spotlight Print	Decision
		<i>The substance and essence of the [Dempsey] work lies in the combined effect of the artistic elements that comprise it... the combination of features in the design arrangement, background and overall colour scheme, taken as a whole, qualitatively reproduces a substantial part of the "look and feel" of the [Dempsey] artistic work and has sufficient objective similarity with the [Dempsey] artistic work.</i> <sup>23</sup>
		<i>The artistic quality of the [Dempsey] work consists of the colour, layout and shaping of the designs in the centre and the colour, layout, structure and integers of the border, the cumulative effect of which created the desired "look and feel"... the use of teal as the dominant colour in [Spotlight] product and the similarity of the shaping of the designs in the centre and border design, structure and integers have sufficient objective similarity and qualitatively reproduced, in a material form, the look and feel of the [Dempsey] product.</i> <sup>24</sup>

21. *Ladakh Pty Ltd v Quick Fashion Pty Ltd* [2012] FCA 389 [12] (Jessup J).

22. *The Dempsey Group Pty Ltd v Spotlight Pty Ltd* [2018] FCA 2016.

23. *Ibid* [122].

24. *Ibid* [117].

25. *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] UKHL 58 [2420-2421].

26. *Elwood Clothing Pty Ltd v Cotton On Clothing Pty Ltd* [2008] FCAFC 197 [66].

27. *Ibid* [74].





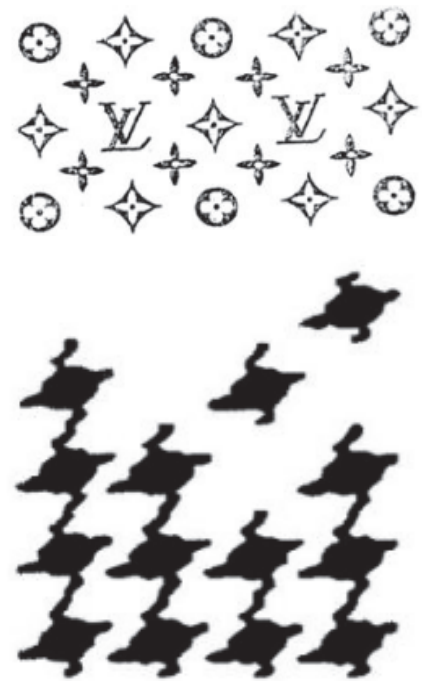
In *Seafolly Pty Limited v Fewstone Pty Ltd*, City Beach admitted copying Seafolly's original Print on the left with its Print on the right. With that question out of the way, the judge considered that the use of 'the same types of flowers... [in] different sizes... depicted in an impressionistic, nonphotographic style... [with] similar colour palettes... shown from a similar perspective' - combinations of which were not 'commonplace or demonstrably derived from other sources'<sup>28</sup> - was a reproduction of a substantial part of the Seafolly Print.

In each of these cases, a 'substantial part' was copied even though no single part had been copied 'exactly'.

#### 4. Adding in trade marks

Given the inherent difficulties with relying on copyright and design protection in the fashion industry, designers often turn to trade mark protection, where possible, instead.

This may be achieved by registering the fabric print as a trade mark as Gucci, Louis Vuitton and even David Jones have done.



This is why Dapper Dan's garments (above) likely infringed Gucci's trade mark rights.

It might also be achieved by registering a colour, such as Louboutin's famous red sole.



In the case of Adidas, it may be achieved by registering a set of three stripes down the side of their shoe.



The potential overlap here between a 'trade mark' and a 'design' may be best demonstrated by Adidas' litigation for trade mark infringement against Pacific Brands Footwear Pty Ltd.<sup>29</sup> Pacific Brands had a series of shoes that incorporated various patterns of four angled stripes on the sides of their shoes. Some of those examples, and Robertson J's decision on infringement are set out on page 7.

There are two key takeaways for fashion designers:

- First, fashion designers should know how they intend to protect their Drawings and Prints before releasing them into the market. Getting this wrong or, worse, ignoring it could mean that they lose all rights in the Drawings or Prints. This can be a complex issue depending on the nature of the original work, the copyright/design overlap, trade marks and even consumer law (although this last aspect hasn't been addressed here).
- Second, fashion designers should keep records of their design process and iterations of their Drawings and Prints. If they ever find themselves the subject of a complaint that they have infringed someone else's rights, these records could be invaluable in demonstrating the independence of their creations.

28. *Seafolly Pty Limited v Fewstone Pty Ltd* [2014] FCA 321 [375].

29. *Adidas AG v Pacific Brands Footwear Pty Ltd* (No 3) [2013] FCA 905.

Adidas examples	Pacific Brands	Decision
 		<p>The design of this shoe <i>infringed</i> Adidas' trade mark because of:</p> <p><i>the parallel equidistant stripes of equal width... in a different or contrasting colour to the footwear, running from the lacing area to the instep</i></p>
		<p>Pacific Brands (perhaps rightly) acknowledged that the design of this shoe <i>infringed</i> Adidas' trade mark.</p>
		<p>The design of this shoe <i>infringed</i> Adidas' trade mark because:</p> <p><i>the greater distance between the second and third stripes was very slight in this case and... was only noticeable upon a close inspection...[T]he background design does not remove any contrast between the stripes and the remainder of the shoe.</i></p>
		<p>The design of this shoe <i>did not infringe</i> Adidas' trade mark because there was:</p> <ul style="list-style-type: none"> <li>• <i>an obvious slightly wider gap between the second and third stripes</i></li> <li>• <i>the inclusion of panels in the shoe of a similar colour to the stripes (black or close to black), and the stitched-in element of contrasting colour (white) extending behind the stripes</i></li> </ul>
		<p>The design of this shoe <i>did not infringe</i> Adidas' trade mark because:</p> <p><i>first, there are four stripes, being four silver stripes... [and] there is a wider gap between the two central stripes... [T]he result is two groups of two parallel stripes. In any event, there are not three, or four, equidistant stripes</i></p>