

THE LEGAL PROTECTION OF INDUSTRIAL DESIGNS*

The field of design includes three main classes. The first class, structural design, includes those designs which serve a functional purpose, for example, those which find expression in machine and tool construction. The second main class of design, pictorial designs, comprise those designs more closely associated with the fine arts. The designers of structural designs have recourse to patent protection and for pictorial designs, recourse may be had to copyright protection.

The third class of designs, decorative designs, are those which serve to beautify industrial products in daily use. Protection of industrial design through legislation specifically directed to that end is confined to this third class of design.¹

Stating that the field of design has three main classes, however, tends to obscure the blurring edges of each class. For example, in the U.S. case of *Stein v. Rosenthal*,² the Court said:

The area in which a thing would be either a copyrightable work of art or a patentable design, but not the other, is perhaps unsurveyable A thing is a work of art if it appears to be within the historical and ordinary conception of the term of art. A thing is a design by the same token. The two are not necessarily distinct one from the other.

This paper will be concerned firstly with an analysis of the development of legislative systems for industrial design protection in the U.K., U.S.A., Canada and Australia. From there attention is turned to a consideration of the difficult conceptual problem of dual protection which it is suggested owes its existence to the early attempts at design protection in the U.K. Finally attention is turned to the critical question of what type of protection is desirable. Although it is not suggested that the economic arguments presented concerning this

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¹ Although the tripartite division of design is an over simplification it does allow concentration on the particular class to which the legislative protection for industrial design has been primarily accorded.

² (1953) 98 U.S.P.Q. 180, 182.

question represent any complete answer, it is thought that together these economic arguments present at least a reasonable case for the abolition of industrial design legislation.

In the U.K., copyright in a design applied to an article of manufacture has been historically and is at present conferred by statute. The first Design Act passed in 1787 (and continued in force by Acts of 1789 and 1794) granted a monopoly of two months in new and original patterns for printing on linens, cottons, calicos and muslins. This grant was extended to wool, silk and hair fabrics made of mixtures by an Act of 1839 and also in that year another Act gave protection to ornamental designs other than lace and those protected under earlier Acts, upon registration with the Board of Trade.

In 1842 by means of a consolidating Act all existing designs legislation was repealed and replaced by the granting of a sole right of applying any new or original ornamental design applicable for pattern, shape, configuration or ornament to articles of manufacture, except sculptures and busts.

Designs were divided into 13 classes for the purposes of registration and the term of protection given to these classes varied from 9 months to 3 years.

By an Act of 1843 this protection was extended to new or original designs for the shape or configuration of articles of utility. The term of protection granted to these was three years.

An Act of 1850 provided for the provisional registration of designs, which gave protection for one year, with the possibility of an extension of 6 months granted by the Board of Trade, unless the article bearing the design was placed on sale, at which time protection ceased.

Control of the registration of designs passed from the Board of Trade to the Commissioners of Patents in 1875, and in 1883 the distinction made in the earlier Acts between the protection of useful and ornamental designs was abolished by the Designs sections of the Patents, Designs and Trade Marks Act which extended protection to all designs except sculptures, without regard to purpose as utility, and gave a uniform protection period of 5 years.

A 1907 amendment permitted the term of copyright to be extended by two further terms of 5 years each.

The Registered Designs Act 1949, a consolidating act, provided by section 1(2) that 'a design shall not be registered . . . unless it is new or original'—section 1(3) defined "design" to mean

features of shape, configuration, pattern or ornament applied to an article by any industrial process or means, being features which

in the finished article appeal to and are judged solely by the eye, but does not include a method or principle of construction or features of shape or configuration which are dictated solely by the function which the article to be made in that shape or configuration has to perform.

The case law must be referred to in an attempt to delineate boundaries for these statutory terms. In *M'Crea v. Holdsworth*³ it was held that where a pattern for an article had been registered under the statute, the design will be infringed by an article to all appearance the same, although it was not actually identical. Lord Hatherley L.C. said:⁴

If the designs are used in exactly the same manner, as I hold they are in this case, and have the same effect, or nearly the same effect, then of course the shifting or turning round of a star, as in this particular case, cannot be allowed to protect the Defendants from the consequences of the piracy.

Bowen L.J. in *Le May v. Welch*, where the Court of Chancery denied protection to the design for a shirt collar which had a wider cutting away of the corners than previous collars, said:⁵

We must not allow industry to be oppressed. It is not every mere difference of cut, every change of outline, every change of length, or breadth, or configuration, in a simple and most familiar article of dress like this, which constitutes a novelty of design. To hold that would be to paralyse industry and to make the *Patents, Designs, and Trade-marks Act* a trap to catch honest traders.

In *In re Clarke's Design*,⁶ where Lindley, Lopes and Kaye L.JJ. denied design protection for what was substantially the old form of lampshade with the omission of the chimney (which became useless when the shade was to be applied to electric lights) on the grounds that there was no such originality or novelty in the design as to make it the proper subject of registration, Lopes L.J. found that:

utility is immaterial. It is the design and the design alone that is protected. The Court must find the reasons for registration apparent to the eye. The design will not be the less protected if it is useful; but usefulness is not an element to be considered. It is essential, however, that the design should be new or original.⁷

³ (1870-71) L.R. 6 Ch. App. 418.

⁴ *Id.* at 420.

⁵ (1885) 28 Ch. D. 24, 34.

⁶ [1896] 2 Ch. 38.

⁷ *Id.* at 48.

The word "original" was the subject of close consideration in *Dover v. Nurnberger Celluloid Waren Fabrik Gebruder Wolff*.⁸ There it was held that "original", as it appears in the Patents and Designs Act as a qualification to "design", contemplates that the designer has conceived by an intellectual effort an idea which has not previously occurred to anyone else, of applying a particular pattern shape or ornament to the particular article to which he suggests it should be applied. If this was satisfied, the design might be termed "original" within the provisions of the Act, although the actual pattern, shape or ornament under consideration may have existed previously with reference to another article. In the instant case it was held that there was no novelty or originality in applying to a cycle handle a form of decoration which was in common use upon other articles of a cylindrical shape. Buckley L. J.⁹ found that the design 'is a conception, suggestion, or idea and not an article which is the thing capable of being registered'; however, the English decisions accord with Russell-Clarke's view that the idea, as such, is only potentially capable of registration and must be reduced to a visible or identifiable form before it is registrable under the design legislation.

Consideration of the above case law as well as of the Registered Designs Act of 1949 yields the conclusion that utility and artistic merit are irrelevant and that the ambit of protection is of an idea or conception as to features of shape, configuration, pattern or ornament applied to an article that appeals to and is judged solely by the eye.

One complication is that there is no workable line which may be drawn between the Copyright Act of 1911 and the Registered Designs Act of 1949. The Copyright Act protects original artistic works automatically upon their creation for the lifetime of the author plus 50 years. The Registered Designs Act provides more limited protection only for art which is registered, for 5 years with 2 subsequent 5 year renewals.

Under section 22 of the Copyright Act it is provided that that Act does not apply to designs capable of being registered under the Designs Act and used or intended to be used as models or patterns to be multiplied by any industrial process. General rules set up under the Designs Act read in the light of section 22 of the Copyright Act provide that if a work is capable of registration as a design and is intended to be

⁸ [1910] 2 Ch. 25.

⁹ Id. at 28.

reproduced in more than 50 single articles or is to be applied to certain specified articles, it will receive no protection under the Copyright Act.

In *King Features Syndicate Inc., and Betts v. O. and M. Kleeman Ltd.*¹⁰ two questions which arose under section 22 were considered. The first question, as to the identity of those who, by reproduction or application of the design or by intention to reproduce or apply it, could render the Copyright Act inapplicable, was answered by holding that the person to be considered was the author of the work. The second question, as to the relevant date at which such use or intention should be considered, was held to be that of the making of the design.

The work in respect of which copyright was claimed in this case was a series of drawings of a fictitious character, "Popeye the Sailor", which originally appeared in a series of cartoons in an American newspaper first published in Canada. The infringement alleged was in reproductions of the character in the form of toys and brooches. When the drawings were first produced in a form not capable of registration as a design there was no intention of industrialising them. Subsequently the character of "Popeye" became popular and the author proceeded to license manufacturers to make articles in the form of designs such as toys and brooches.

The argument that the Copyright Act no longer applied to the work as the author had authorised reproduction in forms registrable as designs was rejected by the House of Lords (reversing the Court of Appeal) which held that as long as an author did not at the date of making his work intend to reproduce it in more than 50 articles or upon certain specified articles, he retained copyright. The brooches and toys representing the figure of "Popeye" which were unauthorised accordingly infringed the author's copyright.

The Copyright Act 1956 made important amendments to the law with regard to the overlap between design and copyright. The rights of a holder of copyright in an artistic work became no longer dependent upon the author's intentions at the time he made the work. It is necessary for there to be registration as industrial designs under the Registered Designs Act for the holder of copyright in an artistic work to enjoy or exercise any rights of exploitation in the industrial field.

Registration under the Designs Act may be obtained even if the design has previously been published, provided no articles to which the design has been "applied industrially" have been offered for sale or sold. However, if he fails to apply for registration after sale or offer

¹⁰ (1941) 58 R.P.C. 207.

for sale of the article to which the design has been industrially applied he cannot subsequently obtain the protection of the Designs Act and will have lost any chance of copyright which enables him to exert rights in respect of industrial articles.

The Copyright Act 1956 thus prevents the owners of artistic copyrights being able to control the industrial field by means of these copyrights alone.

In the United States, the Patent Act, 35 U.S.C. 171 provides that '[w]hoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title'.

An industrial design which meets this section's requirements gains for its inventor a letter patent which gives an exclusive right which lasts, at the inventor's election, for a period of $3\frac{1}{2}$, 7 or 14 years after which the design passes into the public domain and all are free to use it.

Applications for industrial design patents are processed in a section of the U.S. Patent Office where the applications are separated into specialties and each Examiner tends to have an autonomous province. Appeal from the original decision lies in an Appeal Board within the Patent Office and, under certain conditions, appeal lies to the courts.

The grant issued gives its holder the right to sue for infringement; however, this procedure is much more difficult than that right in the case of a letter patent for invention, as the burden of proof of novelty, originality, beauty and invention may again have to be met against please that the design is neither novel nor original nor has aesthetic appeal, nor rises to the level of invention.

The U.S. design patent statute has been said to represent 'the most ambitious statutory attempt to grant legal protection to the design of commercial products'¹¹ in that the design of almost any utilitarian article may be protected under its provisions.

The U.S. Supreme Court in *Gorham Manufacturing v. White*¹² provided the following justification for this broad coverage:—

The law manifestly contemplates that giving certain new and original appearances to a manufactured article may enhance its saleable value, may enlarge the demand for it, and may be a meritorious service to the public. . . . It is the appearance itself which attracts attention and calls out favour or dislike. It is the

¹¹ Donald G. Casser, *Trade Regulation: Legal Protection of Commercial Design*, [1959] WISCONSIN L. REV. 652, 655.

¹² 81 U.S. 511, 525 (1871).

appearance itself, therefore, no matter by what agency caused, that constitute mainly, if not entirely, the contribution to the public which the law deems worthy of recompense. The appearance may be the result of peculiarity of configuration, or of ornament alone, or of both conjointly; but, in whatever way produced, it is the new thing, or product, which the patent law regards.

The breadth of protection apparently proffered in *Gorham*, however, was limited by the subsequent approval in the leading case of *Smith v. Whitman Saddle*¹³ of the opinion of Judge Brown in *Northrop v. Adams*.¹⁴ Judge Brown said:

there must be originality, and the exercise of the inventive faculty. . . . an effort of the brain as well as the hand. The adaptation of old devices or forms to new purposes, however convenient, useful, or beautiful they may be in their new role, is not invention.

Although in 1911 in *Diamond Rubber Co. v. Consolidated Rubber Tire Co.*¹⁵ the Supreme Court recognised that degrees of change recognised by the law and invention might be divided into primary and secondary degrees, the Supreme Court sought to maintain the high standard of invention established in *Whitman Saddle* in *Cuno Engineering Corp. v. The Automatic Device Corp.*¹⁶ where a patent for a thermostat in a cigar lighter installed in an automobile was refused. The Court in a unanimous decision given by Mr. Justice Douglas said:

the new device, however useful it may be, must reveal the flash of creative genius not merely the skill of the calling.

While the *Cuno* case did not involve a design patent, the attitude taken by the Supreme Court in setting such a high test of inventiveness was reflected in lower court decisions and in the 10 years subsequent to the *Cuno* decision 37 of 48 adjudications of validity of design patents were declared invalid.

Another case of considerable influence in the design patent field, although it related to a mechanical patent, was *Great Atlantic and Pacific Tea Company v. Super Market Equipment Corporation* where Mr. Justice Jackson said:¹⁷

¹³ 148 U.S. 674 (1893).

¹⁴ 18 Fed. Cas. No. 10, 328 (Cir. Ct. Mich. 1877).

¹⁵ 220 U.S. 428 (1911).

¹⁶ 314 U.S. 84 (1941).

¹⁷ 340 U.S. 147, 152 (1950).

The conjunction or concert of known elements must contribute something; only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable.

In *Kono Manufacturing Co. v. Vogue Optical Manufacturing Co.*,¹⁸ decided shortly after the *Great A & P* case, a New York District Court considered a suit for the infringement of a design patent for a pair of spectacles framed in the harlequin type for wear by women. The Court cited the *Great A & P* case as authority for the invalidity of the design patent in question on the ground that it was only one feature of the pleasing appearance which the frames make for which novelty is claimed and this was not enough as it did not show 'any inventive genius'.

To succeed in an action to protect a design patent, it is apparent that an almost insurmountable invention barrier must be scaled. The standard which seems to have been shifted from mechanical patent cases to design patent cases with no real justification, is rather subjective and frequently has little regard for the fact that where design patents cover common articles, small variations may require a high degree of inventiveness. Some hope of a widening of what are otherwise becoming very narrow limits may be found in *Laskowitz v. Marie Designer*, where the Court upheld the validity of a design patent for a contour chair, although commenting:¹⁹

Chairs have existed for centuries and men of inventive ability have been at great pains to adopt means for fitting the human body in repose into them. Of necessity, therefore, the scope of invention, especially if we deal with design, is narrow.

A second form of design protection in the U.S.A. is by copyright. The Copyright Act, 17 U.S.C. 1-207 (1952) includes as the subject of copyright "works of art".

The leading case in this area is *Mazer v. Stein*.²⁰ Stein held copyright of a statuette as a "work of art" intending to use the statuettes as the bases for table lamps. When the manufacturers of other electric lamps copied the statuettes, Stein brought a number of suits in the circuit courts and eventually, when there was a conflict between two circuits, the case was considered by the U.S. Supreme Court. Mazer, the petitioner, did not challenge the copyright but rather claimed that when an artist becomes a designer, he must be subject to the limita-

¹⁸ 94 F. Supp. 251 (S.D.N.Y. 1950).

¹⁹ 119 F. Supp. 541, 549 (S.D. Cal. 1954).

²⁰ 347 U.S. 201 (1954).

tions of design patents and not allowed the broader protection of copyright.

Mr. Justice Reed traced the enlargement of copyright coverage from the 1790 First Congress enactment and concluded that the term "works of art" was intended to be a broader specification than "works of the fine arts". Although

[f]undamentally and historically, the Copyright Office is the repository of what each claimant considers to be a cultural treasure, whereas the Patent Office is the repository of what each applicant considers to be evidence of the advance in industrial and technological fields', [nevertheless]
[n]either the Copyright Statute nor any other says that because a thing is patentable it may not be copyrighted. We should not so hold.²¹

Following *Mazer v. Stein* a doll's head,²² costume jewellery,²³ and a fabric pattern design,²⁴ have been held copyrightable.

Copyright as a source of protection is limited for the maker of an industrial design for, as the Court said in *Mazer v. Stein*:²⁵

Unlike a patent, a copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea—not the idea itself.

In theory there is a third possible source of legislative design protection, the Trade Mark Act 15 U.S.C. 1051 (1952), which permits registration on the Supplemental Register of a "configuration" of goods capable of distinguishing the applicant's goods which has been in use for at least a year. However, cases such as *Application of Mogen David Wine Corp.*²⁶ suggest this extension of design protection will not be permitted. In that case the plaintiff sought registration on the principal register of the configuration of a decanter bottle as a trademark for wines. This was refused on the ground that such registration would be inimical to the rights of the public resulting from a prior grant to the plaintiff of a design patent covering the same wine bottle configuration.

In Canada, the protection of a design applied to an article of manufacture has since the first design protection legislation was passed in 1861 been dependent on registration of the design by the proprietor.

²¹ Id. at 215, 217.

²² *Rushton v. Vitale*, 218 F. 2d. 434 (1955).

²³ *Boucher v. Du Boyes Inc.*, 253 F. 2d. 948 (1958).

²⁴ *Peter Pan Fabrics Inc. v. Brenda Fabrics Inc.*, 169 F. Supp. 142 (1959).

²⁵ 347 U.S. 201, 217 (1954).

²⁶ 328 F. 2d. 925 (C.C.P.A. 1964).

Section 11 of the 1861 Act (24 Vic. c.21) defined "design" to be 'applicable to the ornamenting of any article of manufacture, or any substance, artificial or natural, or partly natural and partly artificial', 'applicable for the pattern or for the shape, or for the configuration, or for the ornament, or for any two or more such purposes', 'whether by printing or painting, or by embroidery, or by weaving or by sewing, or by modelling or by casting, or by embossing or by engraving, or by staining, or by any other means whatsoever manual, mechanical or chemical, separate or combined'.

Subsequent Acts (at least until the 1958 Royal Commission's Report on Industrial Designs) afforded protection without defining design. The 1958 Report noted four features of the Industrial Design and Union Label Act, R.S.C. 1952, c. 150. First it was not clear whether shape or configuration may be the subject of a registered design, secondly ornamentation appeared to be a requirement but there was nothing to indicate whether the ornamentation had to have artistic merit, thirdly although originality appears to be a requirement it was no clearer than the 1949 U.K. Act (which was not clear at all about the meaning of originality), and finally, novelty did not appear to be necessary except that an applicant for registration had to declare that his design was not to his knowledge in use by anyone else.

The 1958 Royal Commission Report recommended design protection legislation following the form (while departing in main respects from the substance) of the U.K. legislation. The Report noted six main features of the legislation recommended.²⁷ The first feature was that aesthetic appeal should be unnecessary and the main question asked of any design should be 'is it sufficiently distinct from other designs to stand apart'; the second feature being that a design should not be registered unless it was new or original, and was not the same as a design already registered in respect of the same or any other article or differed from such a design only in immaterial details or in features which were variants commonly used in the trade. The third feature was the denial (apart from International Convention provisions) of protection to a previously published design. The fourth feature was that a design should be original if not copied from another design. The term of protection, which had been 5 years with renewal for another 5, should, it was suggested, be 3 years with two possible renewals each of two years with a renewal fee at least as high as the registration fee so as to discourage unnecessary prolongation of protection.

²⁷ The sixth feature related to marking and is not of relevance here.

Among the proposals in respect to legislation on industrial designs considered by the Canadian Royal Commission were those made by Roy V. Jackson. In essence, Jackson proposed that artistic works as defined in the Copyright Act should be extended to include designs where "designs" included any article having an inherently useful function and a drawing, model or prototype for a design. All original designs, Jackson submitted, should receive copyright protection except that as soon as a design became a finished industrial article it should cease to be protected under copyright and not be protected at all unless registered under the Industrial Designs Act. What Jackson suggested as the subject of registration was the design, that is, a photograph, drawing, plan, model or other representation of the article constituting the design. A design had only to be original and not new to be registrable.

The Royal Commission felt that it could not recommend the adoption of the main principles of Jackson's system because it would be departing too far from established copyright principles to have copyright subsist in every article with an inherently useful function. Novelty, the Commission felt, should not be dispensed with as a condition of registrability. Finally, the Commission thought it undesirable that a person would not infringe a registered design even though it was identical provided he could show it was original with him.

In Canada an extension of design protection by means of provision of the Copyright Act was rejected by the Commission.

In Australia the Copyright Act 1968 and Design Act have attempted, in the words of the Attorney-General, Mr. Bowen, to trace 'out a new borderline between copyright protection and industrial design protection'.²⁸ The reason for attempting to trace such a new borderline was that under the previous statutes a person with an artistic work who intends to use it as an industrial design, could get no copyright protection. If, although the work was not made for this purpose, it is subsequently applied as an industrial design, he did not lose copyright protection. Such a system was unsatisfactory not only because the maker of an artistic work who intended to apply it as an industrial design could have no copyright protection even though registration of the work as an industrial design might not cover all possible applications of the work, but also because outsiders could not readily ascertain whether an artistic work applied as an industrial design is subject

²⁸ 59 COMMONWEALTH PARL. DEB. (H. of R., 1968) 1537.

to copyright protection without finding out the intention of the maker of the work at the time of its creation.

"Design" as protected by the provisions of the Designs Act 1906-1968 is defined as 'an industrial design applicable, in any way or by any means, to the purpose of the ornamentation, or pattern, or shape, or configuration, of an article, or to any two or more of those purposes' (section 4). Section 5 further provides

A design shall be deemed to be applied to an article when—

- (a) the article is made from or in accordance with the design; or
- (b) the design is applied, in any way or by any means, to the purpose of the ornamentation, or pattern, or shape, or configuration, of the article, or to any two or more of those purposes.

Under the Copyright Act 1968 section 10, substantial conformity with the U.K. Copyright Act 1956 was achieved by defining "artistic work" to mean (a) a painting, sculpture, drawing, engraving or photograph, whether the work is of artistic quality or not, (b) a building or a model of a building whether the building or model is of artistic quality or note, (c) a work of artistic craftsmanship, to which neither (a) nor (b) applies.

Thus under the provisions of these two recent acts, the owner of the copyright in an artistic work may register it as an industrial design (under the Designs Act), provided that he applies to register it before he uses it as an industrial design. Further, in order that a copyright owner may gain maximum protection under the Designs Act in the application of his work as an industrial design, there is also provision made in the Designs Act so that the registered proprietor of a design may subsequently register it in respect of additional articles, although the subsequent registration lasts only during the life of the original registration.

The above provisions allow that a design may both be registered in its application with respect to an article as an industrial design under the Designs Act 1906-1968 and be an "artistic work" within the provisions of the Copyright Act. Can such dual protection be justified?

It has been seen that in the U.K. no workable line has really been drawn between copyright law and design law protection, although the Copyright Act 1956 has prevented the owners of artistic copyright being able to control the industrial field by means of their copyrights alone. In the U.S.A., it was suggested earlier in this paper, the rigorous requirements which the courts appear to have developed to narrow

the number of design patents granted seem to have resulted in increasing the extent to which dual protection is sought.

The implications of allowing such dual protection in any of these three countries, the U.K., U.S.A. and Australia, are it is submitted, serious, if the purpose of protecting industrial designs alone remains as suggested by the Swan Committee Report (Cmd. 7206, para. 270)

to encourage the production of articles of commerce which possess new or original features of shape, configuration, pattern or ornament.

Design registration confers in Australia a monopoly type protection, akin to that offered by design patent provisions in the U.S.A., which lasts for the maximum of 15 years from the date of first registration. The limited protection proffered to industrial designs is intended to stimulate inventiveness and the creation of new designs in this field.

To the extent that a design is protected under copyright legislation, however, although the copyright holder is only protected against the copying of his work, the term of protection offered by copyright in an artistic work other than a photograph lasts 'until the expiration of fifty years after the expiration of the calendar year in which the author of the work died'. Copyright protection is easier to obtain than design protection in that a work may be the subject of copyright although not new, if it is original in that it originates from the author as his own work, while a design must be a 'new or original design which has not been published in Australia before' (section 17 Designs Act), and further in that copyright attaches to a work when made, while a design has to be registered to obtain protection.

It has been said in a review of the problem of dual protection under the Australian Acts that

if it is accepted that it is not industrially desirable to have a system which provides long design protection and which does not clearly specify the design, and that it is also undesirable to have dual protection, it becomes impossible to avoid a difficult conceptual problem.²⁹

The difficult conceptual problem might, I think, be avoided if we go back and investigate the original motivations of design protection and consider whether in fact either design or copyright legislation as currently in force serve the public interest for which industrial design protection, it is said, is primarily provided.

²⁹ J. C. Lahore, *Industrial Designs and The Copyright Act 1968—The Problem of Dual Protection*, (1969) 43 A.L.J. 139, 148.

A system of registration for industrial designs appears to have been first officially suggested in Britain in the 1836 Report from the Select Committee on Arts and Principles of Design from which the following extracts are of relevance here.

The difficult and delicate question of *copyright* has already engaged the attention of The House; and numerous complaints of want of protection for their designs have been laid before the Committee by artists and manufacturers. Mr. Smith, an eminent manufacturer of Sheffield, states, that the piracy of his designs will compel him altogether to abandon designing as connected with his trade. A similar or corroborative statement is made by architectural sculptors, modellers, manufacturing artists and artists generally. . . . It is well known that a short period of copyright is extended to printed cotton patterns. A doubtful protection has also been afforded to the Arts by the Statutes 38 Geo. III c. 71, and 54 Geo. III c. 56.³⁰ . . . Whatever be the legal latitude of these Acts, the expensiveness of a remedy through the courts of law or equity is a virtual bar to invention, and almost affords impunity to piracy in art.

The most obvious principle of any measure enacted for the protection of invention appears to be the constitution of a *cheap and accessible* tribunal.

In addition to cheapness, the greatest promptitude of decision is another obvious element in the constitution of such a tribunal. For this and other reasons a *system of registration* appears to be indispensable.

Another element in the consideration of this subject is the varying *duration of protection* to be extended to different inventions in Manufactures. The varying periods of protection form a question of minute and exact detail fit for separate investigation, and dependent on evidence too specific to be comprehended in the more general inquiry undertaken by the Committee.

The Committee consider the elaboration of any comprehensive measure for the protection of designs in Manufactures to be well worthy of the serious attention of the Government.³¹

In the above extracts can be seen the threads of the present dilemma. The protection offered at the time was primarily through copyright

³⁰ The copyright conferred by these Statutes extended to "metallic figures" and the "matter of invention in Sculpture".

³¹ REPORT FROM THE SELECT COMMITTEE ON ARTS AND THEIR CONNEXION WITH MANUFACTURES, 16 August, 1836, p. VII, reprinted in Irish University Press Series of BRITISH PARLIAMENTARY PAPERS.

and was rather an expensive process to pursue in the courts in the event of an infringement. The suggested remedy, the provision of a system of registration, did not mean it is apparent, a replacement of such protection as existed but rather an addition to that scheme of protection already in existence. What exactly was a new system of registration to be designed to protect? The questions and answers which appear in the minutes of evidence taken before the 1835 Select Committee on Arts and Manufactures, and the 1840 Select Committee on Copyright of Designs concur in their emphasis that what should be protected is the piracy of original designs.

The evidence given to the 1835 Select Committee by Mr. Joseph Clinton Robertson³² conveys the difficulties involved quite neatly:—

Inventions connected with the arts of design, of new instruments, or new processes, for example, are from the ease with which they can be pirated, more difficult of protection than any other inventions whatever.

Previously protection had generally only been accorded to patterns in various materials and some ornamental designs, and that protection was purely from copying.

In the minutes of evidence for both of the above Committees the word “invention” in relation to design recurs, as does the idea that “inventions connected with the arts of design” involve considerable cost in creation and production.

The legislation which followed these two Committees was the consolidating Act of 1842 which provided for the granting of a sole right of applying any new or original ornamental design to articles of manufacture. Terms of protection varied according to each of 13 different classes of articles. When, in 1875, the registration of designs passed from the Board of Trade to the Commissioners of Patents, the tendency for design protection to be in the form of protection of inventions generally rather than merely protection against copying, traceable in earlier Reports and minutes of evidence, was confirmed.

It is submitted that it was at this point that the protection given to industrial design became wider than warranted. Every Design Act promulgated has assumed that protection of industrial design is desirable but is any particular type of protection more desirable than others?

The answer to this question involves consideration of the justification for protecting industrial designs by statutory provisions. In pro-

³² INDUSTRIAL REVOLUTION, DESIGN I (Irish University Press, Shannon, Ireland 1968), which appears on p. 123 of the Minutes of Evidence.

viding protection for industrial design what is really being protected is the individual manufacturer's attempt at differentiating his product. If, as theory tells us, perfect competition is the form of industry structure which maximizes consumer welfare, then product differentiation, in that it implies a means by which a producer may attract buyers for the product when the price or quality of his product departs from those of his competitors to an extent that he would otherwise lose custom, must be considered anti-competitive.

Further by adding the costs of the creation of a new or original design for his product to the costs of manufacturing, the maker of a product differentiated in this way passes the costs of his differentiation on to the consumer.

The counter-argument to the above, however, is that it is only in theory that perfect competition can maximize consumer welfare and in practice consumers consider their welfare increased if they are faced with a choice of differentiated products. Product differentiation created by means of industrial designs may on this argument be justified; in terms of economic welfare the most efficient allocation of resources in a community is likely to result if the market is allowed to dictate by its demands the range of products with which it is supplied.

If a producer of goods perfects by his skill, talent and industry a design which makes his articles more saleable than otherwise, he gains in terms of additional sales and additional profits. However, if a copyist produces a similar design by means of different materials in order to offer it at a lower price, the original producer may find his market ruined by the cheaper imitations. At least, this is the argument frequently raised in an attempt to justify industrial design protection.

It is submitted that this argument is an incomplete view of such situations. If by producing a cheaper design than the original, the copyist diminishes the demand for the original product, this provides an incentive to the originator either to improve his original design or to create another one. This process is more likely to result in a proliferation of design activity than a diminution of this activity.

If the originator of the design, on the other hand, is allowed a monopoly of his design for some extended period of time (say 15 years) he has no incentive to create new designs and competitors are not able to attempt to produce modifications of that design more cheaply. If the originator is entitled to any protection at all, then protection against a complete copy for long enough to allow the originator to

establish his product in the market first (say 3 to 6 months) should be sufficient.

However, the recent papers by Baumol³³ and Schuster³⁴ in which the theory of product differentiation is developed allow the development of an argument which suggests that even a "head start" protection may not be needed. The theory of product differentiation as developed by Baumol and Schuster suggests that a firm which introduces a new product must take account of at least two factors. The first is that a larger immediate gain in demand results the stronger the similarity of the new product to an existing product; but the second factor, which must be regarded as a counter-action to the first, is that the stronger the product similarity, the greater the likelihood of extensive retaliation by the firm mainly affected, probably leading to costly quality or price warfare. The extent to which a firm will risk approximating a rival's product will depend on the strength of the rival firm in relation to the additional demand to be gained from approximating that rival's product.

From the point of view of the producer who is about to enter the field (in which we assume no industrial design protection may be sought) he would like to use as his product design, that of one of the existing producers; however, if he does so he is certain to face at least price competition from that producer.³⁵ The new producer is not financially as strong as the existing producers and is aware that he cannot survive any price war.

Accordingly the new producer will try to make his design such that it is not so close to his competitors' designs as to evoke retaliation in the form of price or quality changes but such that it is not so completely different from the existing designs that at least some of the demand for his product will not come from that for the existing products. It could, however, be suggested that if he differentiates his product as much as possible from the existing products he will be able to attract demand from other areas of consumption altogether.

The maximum potential profit for the new producer should be found at that point where his design is sufficiently different from those

³³ W. T. Baumol, *Calculation of Optimal Product + Retailer Characteristics in The Abstract Product Approach*, (1967) 75 JOURNAL OF POLITICAL ECONOMY 674.

³⁴ Helmut Schuster, *Further Remarks on the Theory of Product Differentiation*, (1969) 77 JOURNAL OF POLITICAL ECONOMY 827.

³⁵ He may also be met by actions for passing-off or unfair competition but we will assume for the purposes of the argument that the common law implications of his actions are not within his comprehension at the time.

existing designs so as to minimize the risk of retaliation from other producers and perhaps, but not necessarily, sufficiently differentiated to attract demand from other lines of consumption.

The introduction of the threat of retaliation through either price or quality competition provides sufficient constraint against new producers risking a very close copy of an existing design.

With regard to the situation where there are several producers in an industry and one creates a new design for the product which results in increased sales for him, the 1958 Canadian Royal Commission Report on Industrial Designs refers to the argument that 'a man should be entitled to reward for creating a commercial asset unless there is some good reason why he should not receive it'.³⁶ The reward, surely, is that of being first in the field and the profits from this would perhaps be sufficient incentive to stimulate new designs. If another competitor produces an exact copy, the common law actions of deceit, passing off or unfair competition provide remedies.

Is legislation for protection necessary? The Canadian Report on Industrial Designs said

Design protection in Canada is virtually non-existent. Yet can it be said that design progress is wanting? Two members of this Commission examined the situation with respect to industrial designs in some other countries and were impressed with the high level of design excellence in at least one country which affords no protection.

Should statutory protection be entirely denied to the makers of industrial designs, would good modern product design become less worthwhile? I submit not, because those designs which could not already claim protection under copyright legislation could be protected by the common law actions of passing off and unfair competition. The incentive to improve the number and variety of product designs, thereby furthering creative arts, is likely to be stronger with merely copyright and the common law actions as means of protecting against exact copies, than it is with the dual protection possible under current legislation for such "applied art". The current legislation appears effectively to broaden the protection offered by copyright or the common law actions in that minor but significant changes may more readily be disallowed under the present system.

The shift made in the last century in England which moved design protection away from copyright and into the domain of patent mono-

³⁶ This argument, of course, is often put as a justification for patent protection and trademark legislation as well as for the protection of industrial design.

poly has I suggest resulted in a tendency in subsequent English and Australian statutes to move applied art out from its legitimate place in the protection offered by coypright laws and to restrict the development of good modern product design.

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