

The Visual Test in the Registration and Infringement of Industrial Designs



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This paper is concerned with the legal protection of industrial designs. It was prompted by a recent recommendation of the Australian Law Reform Commission that all references to the phrase 'judged by the eye' be removed from the Designs Act 1906 (Cth). At the same time, the Commission recommended retaining the visual test as the test for registering an industrial design, and for determining the obvious infringement of a registered design. The particular issue addressed in this paper is the application of the visual test in industrial design protection. The first claim of the paper is that the visual test is problematic and that it contributes to the acknowledged ineffectiveness of the designs regime. The key reasons that support this claim are, first, that the visual test is difficult to apply because design innovation tends to be incremental; secondly, that the visual test used in isolation tends to be subjective and imprecise; and thirdly, that judges, aware of these difficulties, are reluctant to confer and enforce a monopoly right of up to 16 years on the design of a manufactured article. The paper's second claim, however, is that the test is unlikely to be abandoned in the near future. The main reason for this is that the visual test also performs an important organisational function in the overall scheme of intellectual property law, by defining the border between design and patent protection. If these two claims are accepted, it follows that reform of the Designs Act 1906 in the short term should focus upon ameliorating the problems of the visual test.

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THIS PAPER is concerned with industrial design protection under the Designs Act 1906 (Cth). The purpose of the Designs Act is to create and protect the rights flowing from the design of manufactured articles. Of all the legislative intellectual property schemes, the Designs Act is the least utilised, and, it has been suggested, the least effective.¹

The Designs Act creates a registration-based monopoly for designs that 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.² Function is not protected unless it is incidental to appearance.³ A design is sufficiently new and original if it meets the requirements of section 17(1), which provides:

Subject to this Act, a design shall not be registered unless it is a new or original design and, in particular, shall not be registered in respect of an article if the design:

- (a) differs only in immaterial details or in features commonly used in the relevant trade from a design that, before the priority date in respect of the application for registration, was registered, published or used in Australia in respect of the same article; or
- (b) is an obvious adaptation of a design that, before the priority date in respect of the application for registration, was registered, published or used in Australia in respect of any other article.

The maximum duration of the legislative monopoly is 16 years.⁴ Registration under the Act gives rise to a right in the owner (generally the author)⁵ 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 the design has been applied'.⁶ If a registered design is infringed, a court may grant an injunction, damages or an account of profits.⁷

1. J Phillips 'International Designs Protection: Who Needs It?' (1993) 15 EIPR 431; S Ricketson 'Towards a Rational Basis for the Protection of Industrial Design in Australia' (1994) 5 AIPJ 193.

2. Designs Act 1906 (Cth) s 4.

3. Designs Act s 18 provides that a design will not be rendered ineligible for registration if its appearance is the result of its function. However, the design must still have 'eye appeal'.

4. Designs Act s 27A. The period of protection is made up of an initial period of 12 months from the date of registration, an extension for 6 years from the priority date of the application, and another two 5-year extensions.

5. 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.

6. S 30.

7. S 32.

Throughout the legislation and case law on designs, the phrase 'judged by the eye' appears frequently. This paper is written in response to the Australian Law Reform Commission's ('ALRC's') review of the Designs Act in 1995,⁸ and, in particular, the ALRC's recommendation that all references to 'judged by the eye' be deleted from the Act.⁹ This recommendation was made primarily because the phrase was seen to be otiose, as designs law is concerned only with the visual appearance of manufactured articles.¹⁰ This is not to say, however, that the test should be abandoned: the ALRC recommended that the reformed legislation still be based upon a monopoly right created by registration,¹¹ and that protection only be granted to the visual features of an article.¹² Thus, the judgment of a design for the purposes of registration and infringement would still, effectively, be 'judged by the eye'.

Elsewhere, I have argued that the Designs Act is ineffective largely because it is based upon outdated assumptions, namely: that there is a meaningful distinction to be made between art and utility; that design is equated with ornament; and that designs and designers are unworthy of legal protection.¹³ In that article, I made the observation that merely amending the Designs Act in isolation was unlikely to achieve the desired reforms, and recommended the introduction of an unfair competition regime, either as a supplement to, or as a replacement for, existing design protection. I did, however, note the barriers to the introduction of such a regime in Australia.

The particular issue I wish to address in this paper is the use of the visual test in industrial design protection: the ways in which design is 'judged by the eye'. The first claim of the paper is that the visual test is problematic. The key reasons that support this claim are (i) that the visual test is difficult to apply because design innovation tends to be incremental; (ii) that the visual test used in isolation tends to be subjective and imprecise; and (iii) that judges, aware of these difficulties, are reluctant to confer and enforce a monopoly right of up to 16 years on the design of a manufactured article. My second claim is that, despite its problematic nature, the test is unlikely to be abandoned in the near future. The main reason for this is that the visual test also performs an important organisational function in the overall structure of intellectual property regimes by demarking the border between design

8. ALRC *Designs* Report No 74 (Canberra: AGPS, 1995).

9. Ibid, recommendation 21.

10. Ibid, para 4.34.

11. Ibid, recommendation 76.

12. Ibid, recommendations 3, 7-8: A design should be defined as one or more visual features of a product; and such visual features should include shape, configuration, pattern, ornamentation, colour and surface.

13. P Baron 'Where Art Meets Science; Beauty Meets Utility: The Strange World of Industrial Design Protection' (1999) *Uni Tas L Review* (forthcoming).

and patent protection. If these two claims are accepted, then the consequence is that reform of the Designs Act must focus upon ameliorating the problems of the visual test, at least until there is reform of the categories of intellectual property law more generally.

For the purposes of this paper, it is assumed that industrial designs should receive legal protection. This is certainly an arguable assumption, but I have addressed it elsewhere.¹⁴ The paper supports the work of Ricketson¹⁵ and Lahore¹⁶ to the extent that those commentators have urged the need for reform of the Australian scheme of protection for industrial designs. However, its specific focus is upon reform of the visual test, rather than on the introduction of new forms of protection¹⁷ or an unfair competition regime.¹⁸ Reform of the visual test would not, of course, preclude additional or supplementary protection, but these issues will not be addressed here. In its conclusions, the paper draws upon the work of Reichman, who argues that designs are best protected by a *sui generis* regime modelled on copyright principles.¹⁹

The structure of this article will be to discuss the background to industrial design protection in Australia. It will then proceed to discuss the first claim that the visual test is inherently problematic. It will then discuss the second claim: that the visual test is unlikely to be abandoned in the near future. Finally, the article will consider the options for reform.

BACKGROUND TO INDUSTRIAL DESIGN PROTECTION

Intellectual property laws in Australia are structured around two major regimes: copyright (the protection of artistic and literary creative effort) and patent (the protection of scientific innovation). This structure is largely the result of historical factors.²⁰ Design protection — the legal protection given to the physical appearance

14. *Ibid.*

15. Ricketson *supra* n 1.

16. J Lahore 'Designs and Petty Patents: A Broader Reform Issue' (1996) 7 AIPJ 7.

17. Ricketson, *supra* n 1, proposes a scheme of design protection based upon tiers of protection, starting with protection of aesthetic features by way of amendments to the Copyright Act 1968 (Cth), through features of a functional character to principles of construction or methods of working. The proposed scheme would operate through both formal and informal means under a reformed industrial designs legislation, as well as utility model protection and patent (including petty patent). The proposed protection would be potentially cumulative.

18. Lahore, *supra* n 16, argues that the way forward in relation to protection of industrial designs is to take the opportunity to examine an anti-copying right and assess both unfair copying and unfair competition laws.

19. JH Reichman 'Legal Hybrids Between the Patent and Copyright Paradigms' (1994) 94 Columbia L Rev 2432.

20. Some commentators have argued that this is an historical 'accident'. Bowrey suggests, however, that 'the divisions between the regimes [reflect] the requirements, organisation

of an article — sits somewhat uneasily between these two major regimes of copyright and patent.

The Copyright Act 1968 (Cth) creates a right in the owner of an ‘artistic’ or ‘literary’ work (these terms often used in a very wide sense)²¹ to prevent the unauthorised copying of that work. The period of copyright is relatively long (generally the life of the author plus 50 years), but the author does not have a monopoly upon the use of the work in the sense that a patent provides such a monopoly: another author may independently create a similar work without penalty.²²

On the other hand, the Patents Act 1990 (Cth) gives a monopoly right to the owner of an invention or process for a defined period in return for the public exposure of that invention or process. At the end of the monopoly period, the invention or process enters the public domain and may be used by anyone. Patent protection, then, allows the inventor a period of time in which to exploit his or her creation in exchange for the disclosure of that invention to the public. Our design protection today is based upon the patent form of intellectual property protection. As mentioned, the Designs Act confers a monopoly right upon the owner of a design that is validly registered for a defined period of up to 16 years. However, the originality demanded of a design is of a much lower standard than a patent,²³ and the creative effort involved bears a greater similarity to that involved in the subject of copyright protection than of patent protection.

In very broad terms, the divisions in our major intellectual property regimes can be seen as reflecting the division between art and science, with designs, the appearance of standardised industrial products, combining aspects of both the aesthetic and the functional. This hybrid nature of design protection has proved to be something of a legal dilemma. In a legal scheme that prizes ‘order’, designs are tiresomely untidy. Although the Designs Act is apparently based upon the patent scheme of protection, the courts have stated explicitly that the application of

and structure of those industries deemed to be at the forefront of British economic advancement in the 19th century’: see K Bowrey ‘Art, Craft, Good Taste and Manufacturing: The Development of Intellectual Property Laws’ (1997) 15 *Law in Context* 78, 101. For a comprehensive discussion of the historical development of intellectual property regimes in general and the designs regime in particular: see B Sherman & L Bently *The Making of Modern Intellectual Property Law* (Cambridge: CUP, 1999).

21. See eg *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 WLR 273 (football coupons as literary works); *Sands & McDougall Pty Ltd v Robinson* (1917) 23 CLR 49 (a map as an artistic work); *Kalamazoo (Aust) Pty Ltd v Compact Business Systems Pty Ltd* (1985) 5 IPR 213 (accounting forms as literary works); *University of London Press Ltd v University Tutorial Press Ltd* [1916] 2 Ch 607 (examination papers as literary works).

22. *Corelli v Gray* (1913) 29 TLR 570.

23. The relationship between design protection and patent protection is discussed *infra* pp 54-56.

patent principles is inappropriate in the design context.²⁴ On the other hand, the possibility of copyright protection, despite the apparent similarity in the nature of the subject matter, is seen as equally inappropriate, and the Copyright Act contains provisions that limit the possibility of continuing copyright protection for industrial designs.²⁵ As one commentator has observed, this 'placement of designs law both at a normative and categorical level between the fields of patent and copyright law ... has denied designs law either an identity or legitimacy of *its own*'.²⁶

Designs protection has played a relatively minor role in the overall scheme of intellectual property law in Australia, but the Designs Act has been the subject of a number of reviews and reports since 1973.²⁷ Despite significant changes to the legislation in 1981 following the recommendations of the Franki Committee,²⁸ the legislation remains controversial, and, many would argue, largely ineffective.

The most recent review, that of the ALRC in 1995, was prompted by a number of concerns relating to the effectiveness and appropriateness of the Designs Act.²⁹ The report recommended the introduction of new designs legislation which would focus on the visual appearance of an article. At the same time, the ALRC recommended that all references to 'judged by the eye' be deleted from the legislation. To date, the recommended reform legislation — the Designs (Visual Features) Act — has not been implemented.

The discontent with design protection is not, however, limited to Australia.³⁰ Designs generally do not fit well into intellectual property systems based upon the

24. *Gramophone Co Ltd v Magazine Holder Co* (1911) 28 RPC 221, Lord Halsbury 226.

25. Copyright Act 1968 (Cth) ss 75-77.

26. L Bently 'Lords Design Constraints' (1996) 59 Mod LR 453, 459-460. This identity and legitimacy is under a new threat from the Trade Marks Act 1995 (Cth), discussed *infra* pp 50-51.

27. Designs Law Committee *Report on the Law Relating to Designs* (Canberra: AGPS, 1973) ('Franki Report'); J Lahore *Inquiry into Intellectual Property Protection for Industrial Designs* (Canberra: The Inquiry, 1991); Industrial Property Advisory Committee *Practice and Procedures for Enforcement of Industrial Property Rights in Australia* (Canberra, 12 Mar 1992); ALRC *supra* n 8.

28. Franki Report, *ibid*.

29. ALRC *Designs Issues Paper No 11* (Canberra: AGPS, 1993) para 1.4.

30. The number of articles criticising design protection around the world are numerous and discontent has been expressed for many years: see eg Bently *supra* n 26, criticising judicial interpretation of design rights in the UK; M Crew 'Undesirable in Theory, Absurd in Practice: The Protection of Industrial Designs in England and New Zealand' (1975) 2 Auckland Uni L Rev 1, calling for reform of designs legislation in New Zealand; M Franzosi 'The Legal Protection of Industrial Design: Unfair Competition as a Basis of Protection' (1990) 12 EIPR 154, criticising design protection in Italy. See also commentators such as Reichman *supra* n 19; RS Brown 'Design Protection: An Overview' (1987) 34 UCLA L Rev 1341; RC Denicola 'Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles' (1983) 67 Minnesota L Rev 707, 710 criticising the scheme of protection in the US.

copyright/patent dichotomy. In a more general sense, designs have been the forerunner for other legal hybrids.³¹ The difficulties posed for legal regulation by such hybrids, it would seem, can only worsen as technology causes the borders between appearance and function, art and science, beauty and utility, to become increasingly unstable. I turn now to discuss the first part of my argument, that the visual test in designs — ‘judgment by the eye’ — is problematic.

PROBLEMS OF THE VISUAL TEST

1. The incremental nature of design innovation

The first reason for my claim that the visual test is inherently unsatisfactory is that design protection tends to be incremental. New designs of necessity build on what has gone before. Indeed, there is an argument that designs, in order to find acceptance within the market place, cannot be *too* different from their predecessors or from other designs simultaneously on the market. There can be market resistance to a high degree of novelty.³² Courts have recognised that failure to appreciate this incremental innovation would ‘deny to designers the benefit from that subtlety which represents great skill and much thought and experience’.³³ The fact that design innovation is incremental, however, makes issues of novelty and infringement very difficult to judge on the visual test. As was pointed out in *D Sebel & Co Ltd v National Art Metal Co Pty Ltd*,³⁴ there is unlikely to be ‘some startling novelty or originality’ in everyday articles such as chairs. In practice, innovation will be ‘within a small compass’. This is not to say that any mere difference in the prior art will constitute novelty; but, provided some advance on the fundamental form of the article and the prior art can be shown, elements of similarity to past design will not be sufficient to show that the design is not ‘new and original’ for the purposes of section 17(1).³⁵

31. JH Reichman, ‘Design Protection and the New Technologies: The US Experience in a Transnational Perspective’ (1989) 19 U Balt L Rev 8.

32. See Bowrey *supra* n 20, 97, who argues that mass manufacturing demands standardisation of form so that division of labour can be efficiently utilised. Thus differences between products tend to be in ‘inessential details’. In P Dormer *The Meanings of Modern Design: Towards the 21st Century* (London: Thames & Hudson, 1990) 60, the author argues that the marketing success of an industrial product depends upon the style of the product communicating the right set of values (ie those shared by the consumer). Style is organised by reference to the class, profession, aspiration and age group of a target consumer group and thus the advantage to a manufacturer lies in making a product stylistically different, but not *too* different.

33. *D Sebel & Co Ltd v National Art Metal Co Pty Ltd* (1965) 10 FLR 224, Jacobs J 227.

34. *Ibid*, 226.

35. *Ibid*.

(i) Judging novelty

How are advances in ‘the fundamental form’ and the ‘prior art’ to be judged? It is well accepted that it is a ‘design’ that attracts protection, as distinguished from the ‘article’ to which it is applied.³⁶ In order to be validly registered, the courts have said that a design must be sufficiently different from the ‘fundamental form’ of the article. Discussion of this principle took place in *Dalgety Australia Operations Ltd v FF Seeley Nominees Pty Ltd*,³⁷ where the issue was the alleged infringement of a design for an evaporative air conditioner. Validity of the registered design was challenged, inter alia, on the basis that the supposedly novel ‘slim, upright appearance’ of the air conditioner was part of the fundamental form of air conditioners. At first instance, Bollen J said:³⁸

It is essential to remember that the Act gives a monopoly in design and not to the trading of the article to which it is applied. Without the design the article would still have its own character. That is to say, without a design a chair would still be a chair, a fork would still be a fork, a table would still be a table. The idea in the design will operate on the article. The design will appeal to the eye giving that article its own peculiar appearance to the eye. The design turns a chair into something more than a mere chair. It becomes a chair with a conception or suggestion about shape or configuration beyond the fundamental form of a chair. If something said to be a design does not by appeal to the eye take the article beyond the fundamental form of the class of article under consideration, it is not a registrable design.

However, the difficulty lies in identifying just what the ‘fundamental form’ of an article is. What is the ‘fundamental form’ of a chair, a table or a toy block? In *Malleys Ltd v JW Tomlin Pty Ltd*,³⁹ the High Court made it clear that the issue is one to be determined by a visual test: form is judged ‘by the eye’, and not by measuring dimensions. For this reason, a design need not have the precision of a working drawing. However, this view reinforces the very subjective and impressionistic nature of the visual test. The words of the court provide little guidance as to what constitutes the ‘fundamental form’ of an article, and what will be a sufficient degree of difference to distinguish the design of the article from its ‘fundamental form’.

Similar problems are encountered in determining whether a design is sufficiently different from the ‘prior art’. In *Richsell Pty Ltd v Khoury*,⁴⁰ Spender J

36. *Norton v Nicholls* (1859) 28 LJQB 225, Campbell LJ 27.

37. (1985) 5 IPR 97.

38. *Ibid*, 109. See also *Re Wolanski's Design* (1953) 27 ALJ 588; *Interlego AG v Tyco Industries Inc* (1992) 111 ALR 596.

39. (1961) 35 ALJR 352, Taylor, Menzies and Owen JJ 353.

40. (1995) 32 IPR 289.

said that the essential requirement for a registrable design is that the design should depart from the prior art 'in a manner that is perceptible'. In making such a judgment, the court must balance competing policy concerns: the desire to motivate industry by design protection on the one hand, and the desire to ensure competitive practices between manufacturers on the other. These policy considerations were made overt in *Le May v Welch*,⁴¹ where the action was for the infringement of the design in a shirt collar. Baggallay LJ noted that it would be 'oppressive in the extreme if any trifling change in the shape' of an article would justify the registration of a design and the imposition of the statutory monopoly. Bowen LJ agreed that the court should not allow industry to be oppressed. It was not every difference in the design of familiar articles that constituted novelty. To hold that view would be to 'paralyse industry' and make the legislation 'a trap to catch honest traders'. For this reason, there should be 'substantial novelty' in a design, having regard to the nature of the article, in order to warrant protection.

Small differences, then, should not give rise to the legislative monopoly right: there should be a 'substantial'⁴² difference between a new design and the prior art, as opposed to a mere 'trade variant'. But how is this to be judged when most designs will be only incrementally different from those that have gone before? When is a design substantially new, and when is it merely a trade variant?⁴³ What would take a commonplace item out of the realms of trade variants and into the jurisdiction of the Designs Act? One court stated the test as a question of 'eye appeal',⁴⁴ that is, the features of the design should not merely be visible, rather they would or could influence choice or selection. For this reason, the eye concerned is not the eye of the court, but that of the person who may be deciding whether or not to purchase the article in question. The features in question must therefore have some 'individual characteristic' calculated to 'attract the attention of the beholder'. The court was keen to point out, however, that such a judgment was not one of artistic or aesthetic merit.⁴⁵

Another court stated the test this way:⁴⁶

41. (1884) 28 Ch D 24, 34.

42. Ibid, 35.

43. *Lewis Falk Ltd v Jacobwitz* (1944) 61 RPC 116, Morton J 123: 'The introduction of ordinary trade variants into an old design cannot make it new or original'.

44. Indeed, the ALRC, supra n 8, considered 'distinctiveness' to be a preferable test to novelty or originality.

45. *AMP Inc v Utilux* [1972] RPC 103, 112. As discussed infra pp 52-53, the eye of the consumer is not the relevant test in Australian law. On the matter of a 'substantial' difference: see *Rose v JW Pickavant & Co Ltd* (1923) 40 RPC 320 where the notion of 'eye appeal' was applied to judging a design for a filler to supply lubricating oil to internal combustion engines.

46. *Re Eley's Application* (1948) 65 RPC 45, 453.

In order to decide whether or not a particular design has substantial novelty one must first regard it as a whole and compare it with the relevant prior publications, each regarded as a whole: If upon such comparison, the judgment of the eye is either that there is no substantial difference, or that there is a substantial difference, cadit quaestio. If, upon the other hand, the eye leaves the mind in doubt, it is then necessary further to scrutinise the design in question and the respective prior publications in order to discover whether or not there are features in the design in question or any of the prior publications which, though they did not sufficiently strike the eye upon the first inspection, may fairly be said upon further consideration to distinguish the design in question from the prior publications. Then in the light of that further inspection one must again regard the design in question as a whole and each of the prior publications as a whole and, thus armed, resolve the doubt which led one to make the further enquiry.

Despite the somewhat robust and seemingly unproblematic tone of this statement, judgment where there is no obvious distinguishing aspect to a design appears to be extremely difficult. If, as I have suggested, the nature of design innovation is incremental, then most innovation is likely to be considered by judges to be insufficiently ‘substantial’ to warrant the monopoly protection.⁴⁷

The incremental nature of design innovation is coupled with the problems posed by the often ‘everyday’ or commonplace nature of the articles themselves. This factor gives rise to a tendency in the cases for judges to denigrate or trivialise designs.⁴⁸ Designs are not judged to be ‘art’ in our legal system (although, of course, they have achieved the status of art in many ways within the wider community). Neither, however, are they significant scientific advances (although they are sometimes the results of such advances) and thus accorded the respect that generally attaches to scientific progress.

(ii) Judging infringement

Just as it is difficult to determine what will constitute a sufficiently novel or original design for the purposes of a valid registration, there is little guidance as to what will constitute infringement of a registered design. Under section 30 of the Designs Act, infringement occurs where a person, without the licence or authority of the design owner, ‘applies the design or a fraudulent or obvious imitation of it to any article in respect of which the design is registered; or imports, sells, offers or keeps for sale or hires or offers or keeps for hire an obvious or fraudulent imitation of the design’.

47. Indeed, this argument would appear to be borne out by the ALRC’s report, which noted that the lack of guidance as to what degree of difference is required to constitute a new design where two designs are not identical gives rise to considerable uncertainty on the part of manufacturers, who must adopt an overly cautious approach or risk infringing a registered design: ALRC supra n 8, paras 5.5, 5.6

48. See also *Le May v Welch* supra n 41, 26, 37.

The words 'obvious imitation' and 'fraudulent imitation' seem clear enough, but design infringement is notoriously difficult to establish.⁴⁹ The courts have adopted some guiding principles to assist in the determination of obvious infringement:⁵⁰ for instance, if a design is a substantial departure from the prior art, then a similar design is more likely to be found to be an infringement of that design.⁵¹ Conversely, if only small differences separate the registered design from what has gone before, then equally small differences between the alleged infringement and the registered design will be held to be sufficient to avoid infringement.⁵² Judges have also applied the doctrine of 'imperfect recollection', a doctrine applied in the trademark context to judge infringement. Under this test, judgment involves looking at the designs together, then apart, at different times, and a little distance off.⁵³

Despite these guiding principles, design infringement is rarely established.⁵⁴ Designers and manufacturers are caught in a no-win situation: on the one hand, novelty is easy to challenge, and, on the other, infringement difficult to make out. So difficult, in fact, that the system of design protection is seen by manufacturers and designers to be largely irrelevant to them,⁵⁵ despite the fact that they are concerned by (and would appear to be suffering significant economic loss because of) design piracy.

2. The visual test is used in isolation

The visual test is not only applied in the case of designs: a visual test is also used in relation to copyright and trademarks. Why is it, then, that the visual test seems to occupy a more central role and to be more problematic in the case of designs?

49. The European Commission Green Paper *Designs* is apt to describe the Australian experience of judging design infringement: 'Case law tends to consider the more or less pronounced differences rather than the overall similarities. Many copiers have escaped conviction for plagiarism by relying on minor differences, which do not, however, deprive the design of its character of "dépà vu".'

50. Although it has been said that the visual test is not directly applicable to issues of fraudulent imitation because of the need to prove intention, it is still the case that the visual test is relevant: *Fisher & Paykel Healthcare Pty Ltd v Avcon Engineering Pty Ltd* (1991) 103 ALR 239.

51. For an illustration of this principle: see *Sebel & Co v National Art Metal Co* supra n 33, Jacobs J 229.

52. *Mangraviti v Vardi* (1976) 28 FLR 173, Wootten J. See also *Negretti and Zambra v WF Stanley & Co Ltd* (1925) 42 RPC 358; *Simmons v Mathieson & Co Ltd* (1911) 28 RPC 486.

53. *Sommer Allibert (UK) Ltd v Flair Plastics Ltd* [1987] RPC 599, 615; *Australian Building Industries Pty Ltd v Woodman McDonald (Glass) Pty Ltd* (1986) 7 IP 91, Kelly ACJ 97; *Benchairs Ltd v Chair Centre Ltd* [1974] RPC 429, Russell J 443, delivering the judgment of the court.

54. ALRC supra n 8, para 6.4.

55. *Ibid*, para 2.39.

One reason may be that (leaving aside decisions relating to fraudulent imitation which require proof of intention) the visual test is the *only* test used. Is the design sufficiently different compared to the fundamental form of the article and the prior art? Is an allegedly infringing design sufficiently similar to the original? A visual comparison is a necessity in answering these questions.

(i) The visual test in the trademark context

In order to be validly registered, a trademark cannot be ‘substantially identical’ or ‘deceptively similar’ to another mark;⁵⁶ and infringement is established when a person uses as a trademark a sign which is substantially identical or deceptively similar in relation to goods and services in respect of which the trademark is registered.⁵⁷ These two tests, ‘substantial identity’ and ‘deceptive similarity’, are independent criteria and are to be judged in different ways. Both, however, involve the visual test.⁵⁸

As in the case of designs, comparison is to be made ‘by the eye alone’ and the eye is that of the judge.⁵⁹ However, in judging deceptive similarity, the comparison is between the impression based on recollection of the plaintiff’s mark that a person of ordinary intelligence and memory would have. Marks, it is believed, are remembered by general impressions or some significant detail, rather than by a photographic recollection of the whole.

These tests are very similar to those used in judging designs; indeed, the doctrine of imperfect recollection has been directly applied to designs, as acknowledged above. However, despite the acknowledged subjectivity of the tests in the trademark context,⁶⁰ it can be argued that they have been less problematic for two reasons. The first reason is that, in the past, trademarks have been concerned with two-dimensional representations,⁶¹ and, in many cases, with words. These may offer more scope for interpretation (and hence features of similarity and difference) than industrial designs. Consider, for example, the following discussion by Kearney J, deciding whether the brand name ‘Solaroid’ was substantially identical or deceptively similar to ‘Polaroid’:⁶²

56. Trade Marks Act 1995 (Cth) s 44.

57. *Ibid*, s 120(1).

58. *Shell Co of Aust Ltd v Esso Standard Oil (Aust) Ltd* (1963) CLR 407, Windeyer J 414.

59. *McWilliam’s Wines Pty Ltd v McDonald’s System of Australia Pty Ltd* (1980) 33 ALR 394, 399.

60. ‘[W]hether there has been trademark infringement is more a matter of feel than science’: *Wagamama Ltd v City Centre Restaurants Pty Ltd* [1995] FSR 713.

61. *Re Coca-Cola’s Trademark Application* [1986] 1 WLR 695.

62. *Polaroid Corp v Sole N Pty Ltd* [1981] 1 NSWLR 491, 498. His Honour found no substantial identity between the two, but he did find deceptive similarity.

Applying the tests referred to by Windeyer J ... to the two subject marks, the plaintiffs point to the fact that, viewed as a whole, the only difference upon which the defendants can rely is in the first letter of the subject words, and that, so far as substantial identity is concerned, both in respect of essential features and total impression, the similarity is such as to constitute substantial identity. On this point the defendants contend that the words have different connotations, the word 'solar' invoking a concept of the sun; whereas 'Polaroid' or 'Polar' evoke an entirely different concept; so that ordinary people would not think of any connection between the two words. The plaintiffs assert that there is a common concept evoked by both words, namely that of light; whereas the defendants suggest that this would not occur to the ordinary person, considering the two words side by side, as creating substantial identity. The defendants further rely strongly upon the fact that the differences in the one letter between the two words are highly significant, because it is the first letter of each word, and it is located in the accented syllable in each of the words.

Such comparisons of meaning are not to be made in the case of, for instance, two air conditioning units. It may be, however, that we will begin to see more difficulties with the visual test now that a 'sign' for the purposes of the Trade Marks Act 1995 (Cth) can include shape and colour.⁶³

The second reason that the visual test may have been less problematic in trademarks protection is that similarity is not the only test relevant to questions of valid registration or infringement: these issues are considered in the context of marketing. For instance, to be validly registered a mark must be 'distinctive', in the sense that it is capable of distinguishing the applicant's goods or services in respect of which the trademark is sought to be registered; in regard to infringement, the mark must be used as a mark. Perhaps these are only slight differences, but they do contextualise the visual test: similarity and difference are judged in relation to the market, product identification and the potential for consumer confusion.

(ii) The visual test in the copyright context

Visual comparison is obviously necessary in relation to issues of copyright infringement, particularly in the case of artistic works. However, the use of the visual test in the copyright context does not appear to be as problematic as it is in the context of designs. I suggest that this may be explained by two important differences between design and copyright: in relation to copyright, a plaintiff

63. Under s 17 of the Act, a trademark is defined as 'a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.' In turn, s 6 provides that ' "sign" includes the following or any combination of the following, namely, any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent'.

need only establish that the work originated with the author, that is, that it was the result of the exercise of skill, judgment and effort on the author's part, in order to gain copyright protection.⁶⁴ A visual test does not have to establish a particular standard of novelty, as in the case of designs. In regard to copyright infringement, there must not only be a substantial similarity⁶⁵ between the works in question, but a causal connection between the original work and the alleged copy (ie, a second work will not infringe copyright if it is independently created).⁶⁶ Copyright does not bestow a monopoly right upon an original work. This is an important distinction between copyright and design. In the case of designs, judges are well aware of the subjective nature of the visual test. They are also well aware that it is this test that will confer and support an extensive monopoly right. For this reason, there is a tendency toward a conservative approach in the judgment of designs: the courts are only too conscious of the tension between the monopoly right and free competition, and seem reluctant to grant a monopoly right on the basis of an inherently subjective assessment.⁶⁷ This brings me to the necessarily subjective nature of the test.

3. Subjectivity of the visual test

In Australian law, the 'eye' that is to judge both novelty and infringement is the eye of the court.⁶⁸ This can be contrasted with the United Kingdom, where the 'eye' has been held to be that of the consumer or trade customer.⁶⁹ The eye of the consumer or trade customer, however, is exercised *de facto* by the judge.⁷⁰

The eye of the court must, it is said, be an instructed eye, that is, an eye instructed by expert witnesses. Ultimately, however, despite such instruction, it is the judge's own perception of visual similarity or difference that will prevail. As

64. *Ladbroke v William Hill* supra n 21.

65. There must be a 'clear visual resemblance' between the works in question: *Cuisenaire v Reed* [1963] VR 719, where it was argued that it was possible to infringe a literary work in instructions by constructing an article in accordance with those instructions. Similarity is judged '*oculis subjecta fidelibus*' and substantial similarity is *prima facie* evidence of copying, which can be refuted by evidence that the alleged infringing copy is the result of independent creation: *King Features Syndicate Inc v O & M Kleeman Ltd* [1941] AC 417.

66. *Ibid.*

67. See RS Brown 'Eligibility for Copyright Protection: A Search For Principled Standards' (1985) 70 Minnesota L Rev 579. Writing in the US context, the author argues that the fact that the Copyright Act does not confer any exclusive right is the reason that copyright is so casually granted.

68. *Dart Industries Inc v Décor Corp Pty Ltd* (1989) 15 IPR 403.

69. *AMP Inc v Utilux* supra n 45, 108.

70. *Ibid.*, 109. This suggestion that the appropriate 'eye' is the eye of the customer takes the test of infringement somewhat closer to the Australian notion of misleading and deceptive conduct under the Trade Practices Act 1995 (Cth) s 52. What the court is looking for is the possibility of consumer confusion.

one judge put it, after expressing his appreciation for the help the expert witnesses had afforded him: 'In the last resort ... it is settled by authority that it is my eye which has to decide, not those of the experts'.⁷¹

In some cases, rather than expressing appreciation for the testimony of expert witnesses, the judges have dismissed their testimony as unhelpful⁷² or, indeed, as something of a hindrance to decision-making. In *Lift Verkaufsgerate GmbH v Fischer Plastics Pty Ltd*,⁷³ a case which involved alleged infringement of the design in compact disc holders and audio cassette holders, expert evidence was called by both sides. Hill J, acknowledging the fact that the expert witnesses were both eminently well qualified in the field of industrial designs, said that their testimony was 'couched ... in language difficult for a layman to comprehend' and could distract him from the primary issue.

This reliance upon subjective assessment can give rise to some judicial discomfort. This can often be seen in the difficulties judges find in articulating the reasons for their decisions. As Kitto J commented:⁷⁴

When the matter in question is to be judged by the eye, it will inevitably be difficult to express verbally the process of reasoning leading to the conclusion that the appellant's design represented a departure from the prior art: 'the eye...has its reasons that reason does not know'.

This difficulty is dealt with in different ways. Some judges make valiant attempts to use metaphor⁷⁵ to explain their process of reasoning,⁷⁶ whilst others engage in an excruciating catalogue of similarity and difference. However, in the majority of cases the problem is merely acknowledged. For instance, in *Rollason's Registered Design*, Lord Herschell said:⁷⁷

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71. *AC Components Pty Ltd v Jadon Investments Pty Ltd* (1992) AIPC 90-900; 23 IPR 596, Zelling AJ 607. See also *Dalgety Australia Operations Ltd v FF Seeley Pty Ltd* (1986) 6 IPR 361, where it was argued that the trial judge had substituted the judgment of the expert witness for his own.
 72. See eg *Rosebank Plastics Pty Ltd v Duncan & Wigley Pty Ltd* (1988) 11 IPR 413, where Ryan J found that expert evidence had been useful in indicating points of similarity or difference, but found it unnecessary to form a preference for one expression of expert evidence over the other.
 73. (1993) AIPC 91-1015.
 74. *Re Wolanski's Registered Design* (1953) 88 CLR 278, Kitto J 281, quoting Pascal. See also *Kevi A/S v Suspa-Verein UK Ltd* [1982] RPC 173, 179 where Falconer J said: 'Designs which are registered are not always susceptible of verbal analysis'.
 75. A process, some would argue, that is foreign to the law. Sells argues that the law has developed a highly specialised language that seeks to excise metaphor, simile and image in its quest for linguistic certainty: B Sells *The Soul of the Law* (Boston: Element, 1994) 54.
 76. Eg in *Best Products Ltd v FW Woolworth & Co Ltd* [1964] RPC 215, 225 Lloyd-Jacobs J said of two designs for whistling kettles that they had a 'family resemblance' but there needed to be a 'more restricted kinship' observable — 'not necessarily twins' but 'sisters'.
 77. *In the Matter of Rollason's Registered Design* (1898) 15 RPC 441, 447.

It is not possible to give reasons for the conclusion at which one arrives in a case of this sort — you cannot analyse the difference. You might find many differences, and yet come to the conclusion that the designs were the same; you might find but few differences, and yet come to the conclusion that the designs were different. [O]f course, in the present day it is very difficult to register any design that does not contain in it something that has been done before.

The difficulty here is that the subjective nature of the test is coupled with the potential for an extensive monopoly right. This is a difficulty inherent in design protection as a separate legal category: the perceived threat to competition posed by design registration. Registration of a design does not, as registration of a patent (at least theoretically) does, provide a significant public benefit. A design, like many other ‘difficult’ legal hybrids, carries its know-how on its face.⁷⁸ This is very different to patent. The etymology of the word ‘patent’ is to ‘lie open’. The privilege of patent is granted in return for the revelation of the invention to the public. In the case of a design, there is nothing to ‘lie open’. The innovation, because it relates to appearance, is necessarily available to the public at large as soon as it is published in some way. Such publication, of course, need not be by way of the design register — designs are published by sale and by advertising and their innovation thus immediately placed before the public (and the manufacturer’s competitors).

To sum up: the phrase ‘judged by the eye’ is really a very subjective and imprecise notion. At the same time, it confers an extensive monopoly. Accordingly, the judges tend to be conservative in their application of the test. Coupled with the difficulty of applying the test in the first place, it seems hardly surprising that the designs regime is not a very effective means of protecting the creative effort in designs. Nevertheless, it seems highly unlikely that the visual test will be abandoned or replaced. This is because the visual test performs another function: it marks the boundary between design and patent.

DISTINGUISHING DESIGN FROM PATENT

The distinction between the purposes of design protection and patent protection can be stated quite simply: design legislation protects the ‘look’ of industrial products, whilst patent law protects (sufficiently novel) functional characteristics or manufacturing processes of those products. This distinction is legislatively recognised in the definition of ‘design’ in section 4 of the Designs Act:⁷⁹

78. Reichman *supra* n 31, 137

79. In *AMP Inc v Utilux* *supra* n 45, 121, Lord Pearson pointed out that the first reference to appeal to the eye and judgment by the eye was in the Patents and Designs Act 1919 (UK)

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.

The difference, then, is between appearance and function. But despite its apparent simplicity making the distinction between appearance and function may be difficult for a number of reasons. The first, and perhaps most obvious of these, is that an industrial design, almost by definition, combines functional and aesthetic features. As was remarked in *GA Harvey and Co (London) v Secure Fittings Ltd*,⁸⁰ the difference between features of 'shape' and 'configuration', on the one hand, and 'function', on the other, is 'somewhat metaphysical'.⁸¹ This is particularly the case where, as is common in the reported decisions,⁸² the article in question is of a particularly utilitarian nature. In the *GA Harvey* case itself, the design in issue was for hot and cold water tanks. These designs were considered by the court to be validly registered (although not, as it turns out, infringed) because the articles were of a distinctive shape that 'appealed to the eye'. This shape was over and above the 'fundamental form' of the article and was not solely dictated by the tanks' function. It does not follow, however, that design which pays regard to function cannot be protected under the Designs Act;⁸³ rather, that function can only be so protected under this legislation if it is incidental to appearance. As was said in *Phillips v Harbro Rubber Co*,⁸⁴ a registered design is not a 'minor type of patent'. Rather, protection extends to appearance only. For that reason, designs should be judged 'by the eye alone'.⁸⁵

This point highlights the second difficulty in the practical application of the distinction between design and patent: the possibility that some manufacturers may seek to use design protection as a form of patent protection for functional features of industrial articles. This issue arises because, in order to qualify for

s 19. The ALRC supra n 8, observed that the expression was inserted into the Australian Designs Act after the Franki Report, supra n 27, para 4.34, had recommended the insertion of the words 'appeal to and are judged solely by the eye' on the basis that they 'convey the essential quality of a design as something concerned only with appearance and we consider that words conveying that quality should be included in any new design'.

80. [1966] RPC 515.

81. Ibid, 519.

82. See eg *Fisher & Paykel Healthcare v Avcon Engineering* supra n 50 (wheelchairs); *Skedelski v Underwood* (1990) 17 IPR 161 (protective tips for surfboards); *Firmagroup Aust Pty Ltd v Byrne & Davidson Doors (Vic) Pty Ltd* (1987) 73 ALR 321 (combination handle and lock for shutter doors); *Mangraviti v Vardi* (1976) 28 FLR 173 (label holder for vehicle registration); *Malley's Ltd v JW Tomlin Pty Ltd* (1961) 35 ALJR 352 (toilet pan base); *Rose v JW Pickavent & Co Ltd* (1923) 40 RPC 320 (filler to supply lubricating oil to internal combustion engines).

83. Such protection is specifically provided for in the Designs Act s 18.

84. (1920) 37 RPC 233.

85. Ibid, Lord Moulton 239.

patent protection, an invention must reach a relatively high degree of novelty. The test of novelty for a design, however, is less stringent.⁸⁶ It is therefore theoretically possible for a manufacturer to obtain a monopoly over the function of a product, even though that function would not qualify for patent protection. For this reason, the courts have had some concern that the Designs Act may be used as a ‘pseudo-patent’, and accordingly they have treated functional aspects of designs sought to be registered under the Designs Act with a degree of suspicion. As was acknowledged by Gummow in *Interlego AG v Tyco Industries Inc.*,⁸⁷ protection of shape might go some way to protecting mechanical function, the province of patents. Thus the design law, His Honour observed, has been ‘bedevilled’ by overlap questions not only as between designs and copyright, but as between designs and patents.⁸⁸

At the same time, the designs law is based upon the patent scheme of intellectual property protection. The temptation to draw analogies between the two schemes is strong. However, the courts have been keen to stress the view that patent principles are not applicable to design cases.⁸⁹ This is symptomatic of the strong desire to ‘contain’ creative effort in particular categories. It has been argued that modern intellectual property law has largely been concerned with the development of closed and stable entities and legal categories, thus leaving no room for judicial ‘speculation, intuition or insight’.⁹⁰ I agree with this, but now that the categories have been established, it requires more than judicial willingness to exercise creativity to overcome the limitations of those boundaries.

THE WAY FORWARD

In this article, I have made two claims: that the visual test in relation to design registration and infringement is problematic, and that this test marks the boundary between designs and patents.

In relation to the first claim, I have argued that the visual test is central to design protection because that protection is concerned with the appearance of everyday mass-produced products. However, the test is used essentially in isolation and is of necessity subjective and impressionistic. Its application is complicated by the fact that design innovation tends to be incremental in nature.

86. In order to gain protection under the Designs Act, a design must be sufficiently ‘new or original’, within the meaning of s 17(1) — ‘new’ meaning not known or previously used in Australia, and ‘original’ meaning never having been applied to the particular type of product: *Conrol Pty Ltd v Meco McCallum Pty Ltd* (1996) 34 IPR 517.

87. (1992) 111 ALR 596.

88. Ibid, Gummow J.

89. *Gramophone Co Ltd v Magazine Holder Co* (1911) 28 RPC 221, Lord Halsbury 226.

90. *Sherman & Bently* supra n 20, 204.

In relation to the second claim, I have argued that the test is used formally to demark the border between designs and patents. Designs are concerned with appearance, but will often be applied to commonplace articles, the functions of which are insufficiently original to meet the patent standard for the purposes of a patent registration. If function is to be protected, it must be by patent.

Because the visual test performs this organisational function in the scheme of intellectual property more generally, it is unlikely that the test will be abandoned without a more general restructuring of intellectual property. This would seem unlikely in the near future. For this reason, reform of the Designs Act in the short term needs to concentrate upon ameliorating the difficulties posed by the coupling of the visual test with the conferring of a monopoly right.

To some extent, this was the conclusion reached by the ALRC which suggested that, in regard to the innovation threshold, originality should not be retained (though novelty should); in its place a test of distinctiveness should be used. 'Distinctiveness' should be assessed by considering the overall impression of the design, by the standard of an informed user.⁹¹ Distinctiveness would be assessed on the basis of 'substantial similarity'. This would also be the test for infringement.⁹²

However, these formal recommendations are unlikely to overcome the existing problems of the legislation. As long as the visual test is coupled with a monopoly right, history suggests that the courts are unlikely to take anything other than a highly conservative approach in assessing designs. The better course of action would be to reshape the designs protection regime along the lines of a limited copyright.

The most obvious step in this regard would be to change the nature of the right granted by the Designs Act from a monopoly right to a copyright of limited duration. The next step would be to rethink the test used to judge 'originality' for the purposes of conferring the intellectual property right. I have argued in this paper that one of the problems facing judges in dealing with design issues is the incremental nature of design innovation. This is at odds with a 'pseudo-patent' test of novelty. It would seem more in keeping with the nature of design innovation to adopt a low threshold test for originality, as in copyright. The issue of infringement would then be judged on the basis of whether the wrongdoer copied the design, the test being one of substantial similarity.

This would mean that, consistently with principles of copyright law, independent creation of a substantially similar design would be permitted. Independent creation is going to be a common occurrence in the field of designs, given that designers tend to respond to market demand and that design innovation

91. ALRC *supra* n 8, recommendations 29-34.

92. *Ibid*, recommendation 45.

is incremental. It would also mean that only the original part of a work was protected: that which is taken from the 'common stock' of ideas would be freely available to all.
