

# Do IP Laws Adequately Protect Fashion?

Michael Rivette<sup>1</sup>

*Fashion is a form of ugliness so intolerable that we have to alter it every six months.*

*Oscar Wilde*

## The Business of Fashion

Whether or not you share Oscar Wilde's rather cynical view of fashion, more than 100 years on the fashion industry still generally works to six monthly cycles dictated by the main seasons.<sup>2</sup> What is "new and hot" quickly becomes "old and passé", stripped of its high price tag and consigned to the sale bin.

By its very definition fashion is about following "trends". Even the industry's innovators often present ranges that are remarkably similar. And if Vogue says that the maxi dress is "in" for next season, then those who want to stay in business had better produce and sell maxi dresses.

Fashion is also about the production of "ranges", where dozens of styles will be produced for each short season, never to be seen again after only a few months on sale. And many fashion companies produce styles within each range in relatively small quantities, as fashion is also about exclusivity, working on the principle that no-one wants to attend a party where someone else is wearing the same outfit.

Unlike New Zealand, which has retained the right to issue proceedings for copyright infringement based on the copyright that exists in design drawings and patterns, in Australia, in the post 17 June 2004 world, the form and shape of garments and other fashion accessories must generally be protected under the *Designs Act 2003* (Cth) (*Designs Act*). The question arises how a registration based IP system can possibly protect the Australian players in such a fickle and "now" industry?

The simple answer is that there is a lot more to fashion than merely shape and configuration, and design law is therefore only a relatively small part in the protection puzzle for the fashion industry. Indeed, the emphasis in fashion litigation appears to be shifting away from the *form and shape*, to the protection of distinctive features such as marks and graphics that endure for longer than one season and can be protected under trade mark and copyright laws.<sup>3</sup>

## Protection of Shape, Configuration and Form – *Designs Act 2003* (Cth)

Generally, fashion garments and accessories start their journey of creation as design drawings, in which copyright will subsist as artistic works. However, when taken from paper to production, the three-dimensional shape and configuration of the end product becomes a "corresponding design" for the purposes of s.74 (1) of the *Copyright Act 1968* (Cth) (*Copyright Act*), which is now defined as meaning:

*... visual features of shape or configuration which, when embodied in a product, result in reproduction of that work, whether or not the visual features constitute a design that is capable of being registered under the *Designs Act 2003*.*

It is therefore not an infringement of the copyright in the artistic work for an unauthorised person to reproduce that work by embodying it, or any corresponding design, in a product. This applies whether the corresponding design has been registered (s.75) or not (s.77 (2)).

Therefore, to directly protect the shape and configuration of a new fashion garment or accessory the design must be registered under the *Designs Act*.<sup>4</sup> But how practical is it to expect smaller fashion companies to register every design they create for that short season?

Although by and large many smaller fashion companies and fledgling designers don't bother to register their designs, the registration system under the *Designs Act* does offer a relatively cost-effective method to ensure protection under the *Designs Act*. This arises from the ability to file a single design application containing multiple designs, provided all those designs fall within the same classification class.

## Do IP Laws Adequately Protect Fashion?

So, a fashion house with 50 dresses in its summer range, can file a single registration application for all the dresses in classification class 02-02C. The company then has six months from the priority date of the application in which to decide whether to register any of the individual designs in that application. If a single style is copied in the season of release, then this allows the applicant to register only the design that has been infringed.

### *Design Registration*

To register a fashion product under the *Designs Act*, it must be "new and distinctive when compared with the prior art base for the design as it existed before the priority date of the design."<sup>5</sup> The prior art base is defined in s.15(2) of the *Designs Act* to include designs published within and outside Australia.

A design is deemed "new" unless "it is identical to a design that forms part of the prior art base for the design".<sup>6</sup> A design is deemed "distinctive" unless "it is substantially similar in overall impression to a design that forms part of the prior art base for the design".<sup>7</sup> In deciding what is substantially similar, s.19 (1) requires that more weight must be given to the similarities between the designs than to differences between them.

Design applications now only undergo a formalities check prior to being registered. The *Designs Act* implements a system of post-registration examination for substantive issues, which is only undertaken if requested. However, before commencing infringement proceedings, it is necessary for the design to be examined and for a certificate of examination to be issued.<sup>8</sup>

### *Infringement of Registered Design*

Once registered, the Certificate of Registration is *prima facie* evidence of the facts stated therein, and of the validity of the registration.<sup>9</sup> However, in fashion design infringement cases this generally counts for little, as it is normal for a respondent to seek to displace the presumption of validity by seeking revocation of the registration in any infringement action brought against them. I discuss this in more detail later in this article.

A person infringes a registered design if, during the term of the registration of the design, and without the licence or authority of the registered owner of the design, the person makes,<sup>10</sup> imports or sells a product in relation to which the design is registered, being a product that embodies a design that is "substantially similar in overall impression" to the registered design.<sup>11</sup>

In deciding if a design is "substantially similar in overall impression" the court is directed to consider the factors in s.19,<sup>12</sup> which requires that more weight be given to the "similarities between the designs than to the differences them".<sup>13</sup> If there is no statement of newness and distinctiveness in the design application then s.19 (3) applies, which requires that the court must have regard to the "appearance of the design as a whole".

In applying ss.19 (1) (2) and (3), the court must apply the standard of the "informed user", that being the standard of a person who "is familiar with the product to which the design relates, or products similar to the product to which the design relates".<sup>14</sup>

Guidance on who the informed user will be in a fashion context is to be found in the judgment of Kenny J in *Review 2 Pty Ltd v Redberry Enterprises Pty Ltd (Review)*,<sup>15</sup> a case dealing with ladies' garments. Her Honour described the informed user in the following terms:

[26] In summary, the standard of the informed user is an objective one. In this case, the assessment must be that of a user of ladies' garments, which would include a potential purchaser, either in retail sales (such as a buyer for a fashion store) or at the ultimate consumer level. A designer or manufacturer of ladies' garments is not, on account of design or manufacturing knowledge alone, an informed user. The notional user must be informed in the sense that the user is familiar with ladies' garments. The informed user is not an expert, but must be more than barely informed. The focus of consideration is on eye appeal and not on internal or less visible manufacturing features.

### *Invalidity – Revocation*

It is normal for a respondent in a fashion infringement case to seek to displace the presumption of validity by seeking revocation of registration. This is usually a claim made under s.19 (3) (a) that the design is not a registrable design, it is not new and distinctive when compared to prior art base as it existed before the priority date of the design. The expression "prior art base" is defined in s.15 (2) and includes designs publicly used in Australia and designs published in a document within or outside Australia.<sup>16</sup>

In practice, most Australian<sup>17</sup> fashion companies closely follow European and North American trends. The advantage of being in the southern hemisphere is that the Australian fashion seasons operate six months behind their northern hemisphere

counterparts. Australian companies know what styles have worked overseas before they need to produce for the corresponding southern hemisphere season. In effect, the opportunity to borrow from styles that have proven to be successful overseas is compelling. If this is so, then the question arises how any fashion design that follows the successful trends from overseas can be registrable?

The answer is that through use of the “informed user” and “overall impression” tests, courts will make allowance for the limited freedom to design particular items, and will protect fashion garments even though reminiscent of designs that may form part of the prior art. This is illustrated in the way Kenny J dealt with the specific objection in *Review* that the “cross-over wrap dress” the subject of the registration had been published overseas and therefore the Review Design Registration should be revoked.<sup>18</sup>

[56] Given the previous discussion under the issue of infringement, it suffices to say that the effect of ss. 15, 16(2) and 19 of the Designs Act is to frame the following basic test for validity, namely: would an informed user (giving more weight to similarities than differences) consider that the Review Design is substantially similar in overall impression to a design or designs published prior to the registration priority date?

[57] As previously noted, however, the specific application of this basic test will vary according to the factors identified in s. 19 (2) of the Designs Act. For the reasons already stated, these factors will be the prior art base (s. 19(2)(a)), the amount, quality and importance of that part of the Review Design considered as a whole that is substantially similar to a design in the prior art base, and the freedom of the designer to innovate. If the Court were not satisfied that the Review Design was a registrable design at the priority date, it would revoke the registration of the design pursuant to s. 93(3)(a) of the Designs Act.

[58] Redberry relied on the similarities between the Review Design and the designs embodied in the garments that made up the prior art. The evidence established that, for present purposes, the original cross-over wrap dress is attributed to Diane Von Furstenberg, a celebrated American designer. An examination of a depiction of this dress disclosed that, whilst there were some similarities between the design embodied in the so-called Furstenberg dress and the Review Design, there were clear differences, which meant that,

from the informed user’s perspective, the Review Design created a quite different overall impression to the Furstenberg dress.

[59] As previously noted, having regard to the prior art to which reference has already been made and to the Review Design, and taking into account the freedom of the designer to innovate, the informed user would be aware that there is limited freedom to design a cross-over or wrap dress (or similar ladies’ garment) and that, for the most part, what gives the Review Design its different overall impression from the prior art, from the perspective of the informed user, is the shape and configuration of the skirt, combined with differences in pattern: see [42]–[44] above. As already noted, there were numerous designs for V-necked fixed-wrap or cross-over dresses in the prior art, both with and without sleeves, but none was substantially similar in overall impression to the Review Design, when judged by reference to the informed user. Thus, for example, the design embodied in the Spicy Sugar garment J3182RB depicted a figure-hugging cross-over bodice and V-neck, with a fitted waist and black tie, but it also depicted a hip-hugging straight skirt, and a bold pattern of large white hibiscus flowers and leaves on a black background. Having regard to the factors to which s. 19(2) and (3) direct attention, the informed user would not consider the Review Design to be substantially similar to it in overall impression. The Review Design might also be thought reminiscent of the design embodied in a garment pictured in the prior art book at 152, which disclosed a cross-over bodice and ruffled hem. Notwithstanding these similarities, differences in the shoulder straps and the overall ‘look’ of the design, including the skirt, combined with differences in pattern (including colour), would lead an informed user to conclude that this design and the Review Design were also essentially different in overall impression. This latter conclusion flows in part from an application of s. 19(2)(c), which in each instance requires the Court to consider the amount, quality and importance of the part that is substantially similar in the context of the design as a whole.

It can be seen that, even within an industry that strictly follows trends and borrows heavily from what has come before it, the test utilising the “informed user” and “overall impression” will allow design registration to protect those that innovate, albeit within a relatively narrow corridor. Gaining inspiration and then creating your own design is

## Do IP Laws Adequately Protect Fashion?

acceptable, whilst slavishly following to the point of copying the important parts of someone else's fashion design is unacceptable and will result in an inability to register, or keep any registration when challenged.

### Protection in the Absence of Design Registration

Unless registered under the *Designs Act*, protection of a fashion product will generally be confined to the protection of individual components, such as name, logos, fabric pattern, colour, and two-dimensional patterns and ornamentation<sup>19</sup> that appear on the product or form part of the thickness of the material used in the product.<sup>20</sup> This is the domain of trade mark and copyright law.

### Copyright

Although the form and shape of fashion garments or accessories are no longer capable of being protected as artistic works under the *Copyright Act*, copyright still looms large in how fashion products are protected. Broadly speaking, copyright is used to protect:

- (a) Graphics applied to garments as artistic works.<sup>21</sup>
- (b) Logos and marks as artistic works.
- (c) Items such as product swing tickets.

Fashion is a lot about "brands" and it is fair to say that consumers pay a premium to have the hottest brand emblazoned on their garments and accessories, such as handbags and sunglasses. Logos, of course, can be protected as artistic works under the *Copyright Act* as well as being registered under the *Trade Marks Act 1995* (Cth) (*Trade Marks Act*). In counterfeit cases, where generally fashion products of well-known international brands are copied, often identically, copyright is often pleaded alongside trade mark infringement, the tort of passing off and Schedule 2, ss.18 and 29 of the *Consumer & Competition Act 2011* (Cth) (*Consumer & Competition Act*) or its earlier equivalents.<sup>22</sup> Often the copyright and trade mark case will not be confined to logos or graphics that appear on the item itself, but will also include such things as swing tickets, which often also seek to replicate the original.

The owner of copyright subsisting in artistic works has the exclusive right, *inter alia*, to reproduce those works in material form.<sup>23</sup> A person who reproduces the works without the owner's licence infringes the copyright.<sup>24</sup> Acts done in relation to a substantial part of a copyright work are deemed to be done in relation to the whole of that work,<sup>25</sup> and it is well

established that the assessment of a "*substantial part*" of a copyright work is made by reference to quality not its quantity.<sup>26</sup>

In the direct counterfeiting cases, infringement through the taking of a "*substantial part*" is generally simple to prove, as counterfeit garments or accessories are normally close to identical to the originals; the counterfeiter's aim being to pass off product as an original. So, logos and other marks used tend to be identical.

However, not all fashion cases involve direct counterfeit copies. Some involve alleged infringers that borrow extensively from the original product whilst making what may at first blush appear to be significant changes to the artistic works. Of course, a reproduction of a very small portion of an artistic work may still be considered an infringing reproduction of a substantial part of the work,<sup>27</sup> and a company borrowing components of that works may indeed be in serious trouble. Such was the case in *Elwood Clothing Pty Ltd v Cotton On Clothing Pty Ltd (Elwood)*.<sup>28</sup>

In this case, an employee of Elwood Clothing designed a print used on T-shirts, known as the New Deal designs, and designed labels and swing tags, known as the Vintage Sport Swing Tag. Elwood Clothing commenced infringement proceedings against Cotton On claiming it had infringed the copyright in the artistic works New Deal Design and the Vintage Swing Ticket.

By way of defence, Cotton On, *inter alia*, claimed that as the works were principally words or letters that they were literary works, as they were meant to be read. As Cotton On had changed the words, but kept the basic shape of the graphics, it was accepted that if they were literary works that Cotton On would not have infringed copyright in that literary work. Cotton On did not succeed on this point, the Full Court affirming the decision of the trial Judge that they were drawings and were therefore artistic works under s.10 (1), because they were carefully made to form an aesthetically pleasing visual "look and feel" in the same way as any picture or drawing does,<sup>29</sup> and were intended to convey a visual "look and feel" rather than "semiotic meaning".

In the alternative, Cotton On's position was that if the New Deal designs and the Vintage Sport Swing Tag were found to be artistic works, as it had referenced the Elwood designs as well as many other designs, a substantial part had not been taken of the Elwood's works.

Elwood Clothing were unsuccessful at trial, the trial Judge finding that Cotton On had not infringed the copyright, as all that they had copied was the general layout, which was only one integer in the design, which her Honour ultimately categorised as the idea that underpinned the work.

Elwood appealed<sup>30</sup> on the basis that the layout and the elements were matters of expression, not merely matters of idea or concept. Elwood argued that, having decided the issue of subsistence on the basis that the layout and elements gave rise to the “look and feel” and resulted in the creation of an artistic work, the learned trial Judge should have then proceeded to the issue of infringement and considered whether a substantial part of the design drawings had been taken by Cotton On through the taking of the layout and the elements used, which had been found so important in the trial Judge’s finding on subsistence of copyright.

The Full Court in a joint judgment agreed and said at [75]:

[75] At [15], when addressing the artistic v literary work issue, her Honour said that the Designs were calculated to convey “a visual look and feel” rather than to be understood (read) as conveying “semiotic” meaning. In the same vein, at [16] her Honour said that consumers would purchase the New Deal T-shirts because the selection and arrangement of the various elements (text, colour, font, shape, and so on) had been carefully made to form an aesthetically pleasing visual “look and feel”.

[76] In our opinion, the layout and the elements referred to by her Honour that gave rise to the “look and feel” and resulted in the creation of an artistic work were matters of expression, not merely matters of idea or concept. The look and feel arose from the selection, arrangement and style of the elements regarded as a whole.

[77] Having erroneously attributed to the category of idea or concept that which was in our view expression, her Honour was forced, when identifying that which was expression, to descend to “the precise selection and arrangement of the various design elements” (our emphasis) (at [27] – summarised at [24] above). Her Honour was therefore able to find, and did find, that differences in words and numbers, devices and fonts, were sufficient to avoid infringement.

[78] Cotton On took Elwood’s layout that gave rise to the “look and feel”. We referred to various “candidate concepts” at [36] above. Whatever concept is chosen, the means of its expression was the layout, the selection, arrangement, and style of the various elements, as previously described, with the very objective of creating the particular look and feel. Even though the logo and numbers were different, by taking the layout and other elements of expression that created the desired “look and feel”, Cotton On took a substantial part of the copyright work.

...

[80] We accept that the notion of “total concept and feel” or “look and feel” has some difficulties. Copyright law does not protect “concepts”, and at least a test of “feel” seems to invite the abdication of analysis: see Nimmer, *op cit* at pp.13–46. In the present case, however, both we and the trial Judge have analysed the layout and other elements of expression that gave rise to the intended look and feel. In our respectful opinion the primary Judge erred by relegating them to the category of unprotectable “ideas”, even though she had correctly taken them into account for the purpose of classifying the Designs as artistic works.

The Full Court’s reasoning in relation to layout, and how it must be dealt with in the consideration of whether a substantial part of the artistic works has been taken, is not new in fashion cases. In *Designers Guild Ltd v Russell Williams (Textiles) Ltd (Designers Guild)*,<sup>31</sup> a case dealing with the layout of a fabric print that was found to be an artistic work, the principle was stated that once the issue of copying has been decided, the question of whether the features identified to have been copied form a substantial part of the artistic works cannot be decided by revisiting the question of whether the alleged infringing works looks like the works in suit, and particularly not by reference to differences in the designs. It is not relevant to consider in what respects the two designs are different.

The Full Court in *Elwood*, in citing *Designers Guild* with approval said at [65]:

*It may be readily accepted that the content of the text and symbols distinguish Cotton On’s T-shirts from the New Deal T-shirt, and that “[t]he text and symbols matter”. The question, however, is whether Cotton On reproduced a substantial*

## Do IP Laws Adequately Protect Fashion?

*part of Elwood's original artistic work. This is the point made by Lord Hoffmann in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] WLR 2416, a "fabric design" case. His Lordship considered how the issue of substantiality should be approached (at 2420–2421):*

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

What was particularly damaging to Cotton On's case was the evidence at trial of direct copying. That evidence was consistent with the parts taken representing a substantial part of the labour, skill and judgment of the author that made the "whole work" original.<sup>32</sup> Although Cotton On claimed in its defence and witness outlines that it referenced many samples of so called "collegiate style" garments of which Elwood Clothing's was but one, under cross-examination Cotton On's graphic artist admitted he was given only the Elwood garment, which he put beside his computer and directly copied the layout of New Deal design and the Vintage Swing Ticket into the graphics program on his computer, as he had been directed to do. He also agreed that it is the layout that takes the greatest amount of time to develop from scratch, and it was the layout that distinguished the *Elwood* graphics from others. He also agreed that putting in the typeface was usually a very quick process.

In this case, Cotton On was not saved by its mantra "make it the same but different". What they were found to have copied was simply a substantial part of a copyright work by reference to the quality of what had been taken.

It can therefore be seen that the laws of copyright can and do protect the artistic components of fashion items, accessory or swing ticket. This, of course, will apply to not only graphics, but also prints on fabrics,<sup>33</sup> which a competitor may seek to emulate.

### **Trade Mark**

Trade mark is an important weapon for fashion players who create *brands* and *brand names* that are valuable in and of themselves. Think Louis Vuitton, Chanel, Gucci, Prada, G Star and Diesel.

There are no practical impediments on fashion companies registering their marks, and indeed in a "brand"-centric industry there is every reason

for companies to register their name and other marks that are synonymous with their designs and products. For the fashion company this may not be just a brand name, but also include unique patterns in materials used in products,<sup>34</sup> or the shape of a clasp,<sup>35</sup> or even a sunglasses hinge.

As the registered owner of a mark, the owner has the exclusive right throughout Australia to use the marks in respect of registered class and to authorise other persons to do so.<sup>36</sup> The owner's rights given by registration are taken to have accrued from the filing date of each relevant application for registration.<sup>37</sup> The owner has the right to obtain relief under the *Trade Marks Act* for infringement of its registered trade mark,<sup>38</sup> the test for infringement of trade mark being found in s.120 which provides:

*A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or service in respect of which the trade mark is registered.*

Therefore, a threshold question of trade mark infringement is whether the respondent has used each of the relevant marks "as a trade mark". As most fashion cases involve an infringement of trade marks arising from direct counterfeiting, if registered trade marks will generally appear on the infringing products in a way that would have appeared to consumers as possessing the character of a brand.<sup>39</sup>

As there is no definition of "substantially identical" in the *Trade Marks Act*, in fashion counterfeiting cases the courts adopt the approach outlined in the classic formulation of Windeyer J in *Shell Co of Australia Ltd v Esso Standard Oil (Aust) Ltd*.<sup>40</sup> When considering whether marks are "substantially identical" the marks are:

*Compared side by side, their similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from comparison.*

In direct counterfeiting cases this is usually a very simple task, as most counterfeits are able to reproduce the trade mark (and product) exactly

Although not frequent in fashion cases, when the use of the mark is similar but not identical, the question for the court to decide is whether the marks are "deceptively similar", which is defined in s.10 of the *Trade Marks Act* to be:

*For the purposes of the Act, a trade mark is taken to be deceptively similar to another trade mark if it so nearly resembles that other trade mark that it is likely to deceive or cause confusion.*

Again the formulation of what is “deceptive similarity” can be found in *Shell Co of Australia Ltd v Esso Standard Oil (Aust) Ltd*,<sup>41</sup> where Windeyer J. said:

*On the question of deceptive similarity a different comparison must be made from that which is necessary when substantial identity is in question. The marks are not now to be looked at side by side. The issue is not abstract similarity, but deceptive similarity. Therefore the comparison is the familiar one of trade mark law. It is between, on the one hand, the impression based on recollection of the plaintiff's mark that persons of ordinary intelligence and memory would have; and, on the other hand, the impressions that such persons would get from the defendant's [trade marks]...*

The deceptiveness that is contemplated must result from similarity; but the likelihood of deception must be judged not by degree of similarity alone, but by the effect of that similarity in all the circumstances.

As there is no requirement under s.120 (1) to establish any intention or knowledge on the part of the respondent, trade mark law works well for the protections of registered marks, given that most actions are brought against the small store or stall owners who sell the counterfeit fashion products of what is normally a leading international fashion brand, and claim not to have known that they were not originals.

#### ***Passing Off and the Consumer & Competition Act 2011***

The tort of passing off and ss.18 and 29 of Schedule 2 of the *Consumer & Competition Act*<sup>42</sup> can be relevant to the protection of the shape and configuration of a fashion product, particularly when the particular design is not registered. This was illustrated in *Dr Martens v Figgins (Doc Marten)*,<sup>43</sup> where Dr Martens and its Australian distributors were successful in their claims in passing off and trade mark infringement against Windsor Smith for a lookalike shoe that incorporated distinctive shape as the Dr Martens' shoe.

In reality, however, Dr Martens was successful only because the Windsor Smith shoe not only had the same shape as that of the Dr Martens' shoe, but also incorporated a number of distinctive features, including the words “*The ORIGINAL*”, which ultimately were found to infringe registered trade

marks of Dr Martens. Of course, the advantage in success for passing off, is that it also allows the court to award exemplary damages, which I discuss below.

Passing off and ss.18 and 29 of Schedule 2 of the *Consumer & Competition Act* cases will generally be defeated by the use of a mark or other distinguishing feature by the alleged wrongdoer that clearly distinguishes to the consumer that the products are not those of the applicant. This was the case in *Doc Marten* where the applicants were unsuccessful against Figgins, Bata and Rivers, largely due to the distinguishing marks on their products.

Passing off and the consumer protection legislation generally comes into play in fashion cases where there are direct copies offered for sale, or copies of fashion products that bear one or more distinguishing features or marks of the original product. Although they are both actions that are used as a matter of course to protect fashion products, working hand in glove with the legislative IP regime, in practice they rarely add much to the way cases are run.<sup>44</sup> The most obvious exception, however, would be to protect unregistered trade marks.

#### ***Passing Off***

The law of passing off can be summarised in one short general proposition – no man may pass off his goods as those of another. That is, a trader is not permitted to use names, marks or other indicia so as to induce purchasers to believe that the goods which he is selling are the goods of another person.<sup>45</sup> For more than 150 years it has been the law that “*nobody has any right to represent his goods as the goods of somebody else*”.<sup>46</sup>

The “classical trinity” of elements to establish a passing off claim are:<sup>47</sup>

- A reputation in the get-up of the plaintiff's products.
- A misrepresentation by the respondent's use of the same or a similar get-up to indicate that the respondent's products are the same as the plaintiff's products or licensed by the plaintiff.
- Damage flowing from such misrepresentation.<sup>48</sup>

It is not necessary that the persons purchasing the fashion article should know of the applicant/owner by name, and have in mind when they purchased the goods that they are made by the applicant/owner (or the person they associate with as having produced those goods, whether or not the name is

## Do IP Laws Adequately Protect Fashion?

known).<sup>49</sup> Where an applicant's get-up acquires a distinctive reputation, the respondent's use of the name or get-up conveys the misrepresentation that the goods are the plaintiffs. It is in this way that the applicant/owner's goodwill will be injured.<sup>50</sup>

There is also no requirement to prove subjective intention to mislead or actual deception.<sup>51</sup> Also, the misrepresentation need only be likely to lead the public to believe that the goods are those of the applicant/owner – there is no requirement that actual deception be proven.<sup>52</sup>

A passing off claim is not defeated if the passing off is shown to be innocent, however, the courts will pay particular attention to the question of whether a respondent has deliberately sought to take the name or get up of a fashion product. The intentional adoption of the features of a rival trader's get-up is eloquent testimony that it may succeed and is material from which the court may readily infer deception.<sup>53</sup>

In passing off cases, actual damage also need not be shown. There is a presumption of damage upon the proof of the first two elements.<sup>54</sup> In *Children's Television Workshop Inc. v Woolworths (NSW) Ltd*,<sup>55</sup> Chesham CJ in Eq. suggested that this presumption may be relied upon in both law and equity, when his Honour said:

*Once it has been established, as I have held it has been established here, that there is a relevant business nexus between the activities of the plaintiffs and those of the defendants, such that the public will, by the very sale of the goods in question, wrongly believe that this activity is connected with the business of the plaintiffs, then I think it must follow that the legitimate business interests of the plaintiffs are jeopardised. Actual damage need not be proved; in fact in many passing off cases actual damage is never proved. It is the threat of damage to the complainant's business by reason of the public confusion or deception that is the basis of the tort.*

The business nexus is generally easily established in fashion cases, as normally both the applicant and the respondent are in the supply or sale of fashion garments to wholesalers or ultimately to the public. However, as mentioned above, claims in passing off are easily defeated in consumer product cases by the incorporation of a logo or mark that would identify the differences between the original and the copied product.

### *Consumer & Competition Act 2011*

Sections 18 and 29 of Schedule 2 of the *Consumer & Competition Act* replace ss.52 and 53 of the *Trade Practices Act 1974 (Cth) (TPA)*. The new provisions are in substantially the same form as the old *TPA* provisions and the State's Fair Trading Acts. Section 18 of Schedule 2 provides:

- (1) *A person must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.*
- (2) *Nothing in Part 3-1 (which is about unfair practices) limits by implication subsection (1)*

Ultimately, whether particular conduct is misleading or deceptive (or constitutes passing off) is a question of fact to be answered in the context of the evidence as to the alleged conduct as a whole. It is a question which must be considered in light of all of the relevant surroundings, facts and circumstances.<sup>56</sup> However, a person who uses a trade mark does convey the representation that the person is entitled to use that mark and if not authorised, will constitute misleading and deceptive conduct for the purposes of that section.<sup>57</sup> This adds little if the mark is registered, but will be of significance to the protection of unregistered marks.

Section 18 of Schedule 2 relevantly for the purposes of fashion cases provides:

- A person must not, in trade or commerce, in connection with the supply or possible supply of goods or services or in connection with the promotion by any means of the supply or use of goods or services:*
- (a) *make a false or misleading representation that goods are of a particular standard, quality, value, grade, composition, style or model or have had a particular history or particular previous use; or*
  - ...
  - (e) *make a false or misleading representation that purports to be a testimonial by any person relating to goods or services; or*
  - (f) *make a false or misleading representation that the person making the representation has a sponsorship, approval or affiliation; or*
  - ...
  - (k) *make a false or misleading representation concerning the place of origin of goods.*



Under the consumer protection legislation, when determining whether particular conduct was, or is, likely to mislead or deceive it is unnecessary to prove that anyone was actually misled or deceived.<sup>58</sup> The test is objective, and the court must determine the question for itself.<sup>59</sup> Conduct is likely to mislead or deceive if there is a real and not remote possibility that it will do so, and it is not necessary to establish that the degree of likelihood exceeds 50 per cent.<sup>60</sup>

Nor is it relevant whether the respondent was acting honestly and reasonably or that he thought that the goods were genuine. It is simply a question of whether potential customers (which include the astute and the gullible, the intelligent and the not so intelligent, and the well-educated and the poorly educated) are at serious risk of being misled or deceived.<sup>61</sup> Again, this can be important in fashion cases, where invariably stall and store owners generally claim that they either did not know of the brand, or were not aware that what they were selling were not original products.

#### Relief – Loss and Damage

As with all IP cases, the fashion applicant will generally be given declaratory and injunctive relief as a natural consequence of a finding of liability on the part of a respondent. The quantum of damages is a more vexed question. Generally, unless the case involves a major respondent corporation, there is insufficient sales information to justify an election of an account of profits. So, the successful applicant must prove its loss and damage.

In cases where the respondent is a large corporation, such as in *Elwood v Cotton On*, it is easy for sales of infringing goods to be quantified. However, such cases make up the minority of fashion cases that come before the courts, as a large percentage of cases deal with counterfeits, which are sold through small operations with outlets at markets or strip shops, by companies that claim to keep no records of sales made.

In these cases, the respondents often do not comply with their obligations of discovery, or when they do, they simply provide scant records. This makes it difficult for the IP owner to access how many items have in fact been sold and therefore quantify its loss with any accuracy. As a consequence, general damages calculated by way of loss of sales are often substantially less than perhaps in reality they should be. This therefore leads to a greater reliance in litigation on seeking compensatory damages

for reputational loss, additional damages under s.115(4) of the *Copyright Act*, and/or exemplary damages for passing off.

#### *Proving General Compensatory Damages*

The purpose of an award of damages is to compensate a plaintiff for the loss which it has suffered as a result of the respondent's breach.<sup>62</sup> It is well-established that a plaintiff in an infringement case may prove an entitlement to compensatory damages on the basis that it lost the sales made by the respondent, which would otherwise have been made by the plaintiff.<sup>63</sup>

A plaintiff must prove its loss on the balance of probabilities and with as much precision as the subject matter reasonably permits.<sup>64</sup> However, if a court finds that damage has occurred, it must do its best to quantify the loss, even if some degree of speculation and guesswork is involved.<sup>65</sup>

Particularly relevant to fashion cases, and the general lack of sales data on which to rely, are the comments of Hayne J (with whom Gleeson CJ, McHugh and Kirby JJ agreed) in *Placer (Granny Smith) Pty Limited v Theiss Contractors Pty Limited*, where his Honour said:<sup>66</sup>

*It may be that, in at least some cases, it is necessary or desirable to distinguish between a case where a plaintiff cannot adduce precise evidence of what has been lost and a case where, although apparently able to do so, the plaintiff has not adduced such evidence. In the former kind of case it may be that estimation, if not guesswork, may be necessary in assessing the damages to be allowed. References to mere difficulty in estimating damages not relieving a court from the responsibility of estimating them as best it can may find their most apt application in cases of the former rather than the latter kind.*

In *Adidas-Salomon AT v Turner (Adidas)*,<sup>67</sup> Goldberg J commented upon the limited evidence available to him upon which to base the assessment of damages for the infringement of trade mark rights on garments where the difficulty arose from the limited information which could be extracted from the respondent as to the sale of infringing items. His Honour, however, said:<sup>68</sup>

*... notwithstanding the difficulty facing me on the assessment of damages the task of the Court is to do the best it can on the available material.*

## Do IP Laws Adequately Protect Fashion?

Goldberg J quoted from the Full Court's judgment in *Enzed Holdings Ltd v Wynthea Pty Ltd*.<sup>69</sup>

*The principle is clear. If the court finds damage has occurred it must do its best to quantify the loss even if a degree of speculation and guess work is involved. Furthermore, if actual damage is suffered, the award must be for more than nominal damages. We should add that we can see no reason why this principle should not apply in cases under the Trade Practices Act as well as in cases at common law. We emphasise, however, that the principle applies only when the court finds that loss or damage has occurred. It is not enough for a plaintiff merely to show wrongful conduct by the defendant.*

Her Honour Justice Gordon recently endorsed Goldberg J's comments in *Adidas in Facton v Seo*,<sup>70</sup> as did Federal Magistrate Burchardt in *Facton Limited v Yuan*.<sup>71</sup>

Therefore, in the absence of clear and logical evidence demonstrating the loss suffered by a plaintiff, a judge is entitled to treat the question of damages as being "at large", giving "what amount I think right as if I were a jury".<sup>72</sup>

In the absence of any evidence by a respondent demonstrating the total gross sales of any counterfeit fashion products, an applicant cannot adduce precise evidence of what has been lost. In these cases, it is appropriate for the application of these principles, whereby estimation, speculation and guesswork may be necessary in assessing the compensatory damages to be allowed. Indeed, the failure to provide any evidence at all relevant to the assessment of damages entitles the court to draw inferences against it, as Kenny J did in *Review Australia Pty Ltd v New Cover Group Pty Ltd*.<sup>73</sup>

While the plaintiff bears the onus of establishing its loss, damages will generally be assessed liberally by the courts.<sup>74</sup>

### *Proving Reputational Damages*

In an industry where reputation, image and brand are paramount, and where the retail price of an item often bears little relationship to the cost of manufacture, one head of damage that is important to IP owners is the damage to reputation that counterfeit goods cause to their fashion brands. Ponder how many sales of bags Louis Vuitton have been lost due to the volume of imitations (and some good ones at that) that flood the market. Would you purchase a premium Louis Vuitton bag knowing that there will be dozens of imitation on the arms of students and others across the country?

Some obviously will, however, as much as I like the waterproof Louis Vuitton bag promoted by Sean Connery and Bono, I simply cannot bring myself to buy one for this reason. In effect, the value of the Louis Vuitton brand has been devalued in my eyes as a result of the many counterfeits, which is a loss to Louis Vuitton's valuable reputation.

For the lawyer, the issue is how can one properly quantify reputational loss? Although the courts are expected to "do their best" in assessing that loss, in recent decisions there has been some criticism of a failure to seek to properly quantify loss to reputation through evidence. However, such judicial criticism may be harsh, given that generally speaking the size of fashion infringement claims do not warrant the expense of expert or marketplace evidence which may be helpful to the determination of quantum. It is therefore common in fashion cases to seek to have the court do the best with what it has available.

This may mean establishing reputation by means of evidence of substantial sales and advertising of the products incorporating the relevant get up.<sup>75</sup> Further, the reputation of the creator is often reflected in evidence of the prices they are able to charge for their original fashion items. Additionally, a respondent's willingness to sell infringing products that bear well-known trade marks and copyright works, or utilise the shape or configuration of a well-known (registered) design can provide a further basis to infer that there is a valuable public reputation and goodwill in the original fashion products, trade marks, copyright works and the fashion "brand" *per se*.<sup>76</sup>

Although in *Adidas* the court only awarded \$2,000 in total, which included loss of reputation through the devaluation of its products, recently the court have shown a willingness to award more substantial damages for reputational loss suffered by major international brands.

### *Additional Damages under Section 75 of the Designs Act 2003*

As a result of the relatively low general damages awards in most fashion infringement cases, s.75(3) of the *Designs Act* is important in design infringement cases as it allows the courts to award damages greater than the compensatory damages awarded. For example:

- In *Review Australia Pty Ltd v Innovative Lifestyle Investments Pty Ltd*,<sup>77</sup> Jessup J awarded \$10,000 in additional damages

for design infringement in respect of only 14 infringing garments sold after the respondents had received a letter of demand from the applicant.<sup>78</sup>

- In *Review Australia Pty Ltd v New Cover Group Pty Ltd*,<sup>79</sup> Kenny J awarded damages for design infringement including compensatory damages of \$35,000 for diminution in the value of the design as a chose in action<sup>80</sup> and additional damages of \$50,000.<sup>81</sup>

Courts will award additional damages as a method of compensating when an assessment of general damages is difficult due to a lack of information that has been forthcoming from a recalcitrant respondent. Comments of Kenny J in *Review v New Cover*,<sup>82</sup> citing Stone J (in a copyright infringement context) in *Microsoft Corporation v Ezy Loans Pty Ltd*<sup>83</sup> are pertinent:

*... a case of design infringement in the fashion industry can be expensive and difficult to prosecute if a defendant chooses to make it so. To adapt what Stone J said in Microsoft Corporation v Ezy Loans Pty Ltd (2004) 63 IPR 54 at [95], "[i]t is important to more than the applicants that [design] infringers are not encouraged to think that by ignoring court proceedings, they can escape the consequences of ... infringements of the rights of others in the pursuit of profits.*

#### ***Additional Damages under Section 115 (4) of the Copyright Act 1968***

There is great advantage in bringing copyright infringement proceedings in a fashion setting for the two-dimensional elements, as additional damages can be claimed under s.115(4) of the *Copyright Act*, which will not be available under the *Trade Marks Act*. Again, as the assessment of general damages based on a calculation of number of items actually sold is often impossible due to the lack of information, courts are able to award adequate compensation by topping up general damages with an award of additional damages.

Section 115(4) of the *Copyright Act* requires specific considerations be taken into account in determining the question of additional damages. It provides:

(4) *Where, in an action under this section:*

*An infringement of copyright is established; and*

(b) *The court is satisfied that it is proper to do so, having regard to:*

- (i) *The flagrancy of the infringement; and*
- (ia) *The need to deter similar infringements of copyright; and*
- (ib) *The conduct of the defendant after the act constituting the infringement or, if relevant, after the defendant was informed that the defendant had allegedly infringed the plaintiff's copyright; and*
- (ii) *Whether the infringement involved the conversion of a work or other subject-matter from hardcopy or analog form into a digital or other electronic machine-readable form; and*
- (iii) *Any benefit shown to have accrued to the defendant by reason of the infringement; and*
- (iv) *All other relevant matters;*

*the court may, in assessing damages for the infringement, award such additional damages as it considers appropriate in the circumstances.*

As Burchett J noted in *Autodesk v Yee*:<sup>84</sup>

*An element of penalty is an accepted feature of copyright legislation. The infringer has been regarded, at least since the 18<sup>th</sup> century, as a "pirate", who ought to be treated accordingly.*

In the Full Court's decision in *Aristocrat Technologies Australia Pty Ltd v DAP Services (Kempsey) Pty Ltd*, Rares J observed:<sup>85</sup>

*There is a need to deter and punish those who act or seek to act as Vidtech and Mr Parry were proved to have done.... One of the important purposes served by the power to award additional damages granted in s.115(3)(b) is that market practices of the kind engaged in by Vidtech and Mr Parry can be firmly discouraged. In a case like the present where precision of assessment of damage or profit is impossible but substantial, deliberate and flagrant infringement has been proved, a substantial sum of additional damages should be awarded.*

This principle has been applied in fashion cases, including *G-Star Raw Denim KFT v Urban Culture Pty Ltd*,<sup>86</sup> where in reaching his decision on additional damages, Federal Magistrate O'Dwyer said:<sup>87</sup>

*There needs to be a general deterrent to prevent similar infringements of copyright, a deterrent that is known and understood in the marketplace. It is important to protect copyright owners in the marketplace from the destructive conduct of those*

## Do IP Laws Adequately Protect Fashion?

*who seek to pass off counterfeit products as being those of the rightful copyright owner. The conduct seriously jeopardises the fiscal wellbeing of not only the copyright owners in the first instance, who have, I am satisfied, invested a great deal in establishing the copyright works, but also those aligned industries that are dependent on the subsistence of protection of copyright works to provide a viable market, leading to wealth creation and employment.*

...

*The counterfeit garments are extremely good copies of the G-Star products and are therefore flagrant infringements. The respondents offered for sale and sold the counterfeit garments as if they were the G-Star products.*

*The respondents have gained a significant commercial advance in selling products which bear the "G-Star" brand as the respondents were able to charge a premium on what they would otherwise have charged for such products, unrightfully trading on the status and standing of the name in the marketplace without having exercised the creativity to design the product or been put to the expense of establishing the name in the marketplace. The respondents were also able to trade on the long and substantial investment of the applicants in promoting the G-Star products and the G-Star brand.*

The following are recent examples in fashion cases where the court has awarded additional damages significantly greater than compensatory damages, which is consistent with the approach often taken in non-fashion copyright infringement cases.<sup>88</sup>

*G-Star Raw Denim KFT v Urban Culture Pty Ltd* [2010] FMCA 17, where Federal Magistrate O'Dwyer considered and awarded:

- \$5,727 for general compensatory damages under s.115(2) of the *Copyright Act*.
- \$35,000 for loss of reputation.
- \$50,000 for additional damages pursuant to s.115 (4) of the *Copyright Act* for 393 counterfeit G-Star items.

*Facton Limited v Yuan* [2011] FMCA 266, where Federal Magistrate Burchardt considered infringement of 393 counterfeit G-Star items and awarded:

- \$5,000 for general compensatory damages under s.115 (2) of the *Copyright Act*.
- \$20,000 for loss of reputation.

- \$30,000 for additional damages pursuant to s.115 (4) of the *Copyright Act* for 393 counterfeit G-Star items.

*Facton Limited v Seo* [2011] FMCA 266, where Federal Magistrate Burchardt considered infringement of what his Honour found were 01 five counterfeit G-Star items<sup>89</sup> and awarded:

- \$500 for general compensatory damages.
- \$15,000 for loss of reputation.
- \$15,000 for additional damages pursuant to s.115 (4) of the *Copyright Act*.

On appeal, Justice Gordon awarded \$2,000 compensatory damages (based on 20 infringing items) and left the additional damages at \$15,000 and finding they were not excessive.<sup>91</sup>

*Elwood Clothing Pty Ltd v Cotton On Clothing Pty Ltd*,<sup>92</sup> where Gordon J considered the sale of 01 28,000 infringing shirts and awarded:

- Compensatory damages of \$130,000.
- Additional damages of \$150,000.

### *Exemplary Damages for Passing Off*

An advantage in bringing passing off proceedings in a fashion setting is that the court can award exemplary damages. However, courts will generally not award both additional damages under s.115 (4) of the *Copyright Act* and exemplary damages for passing off. Be that as it may, exemplary damages are available and should always be pleaded where appropriate.

Brennan J described the proper approach to exemplary damages in *Xl Petroleum (NSW) Pty Ltd v Caltex Oil (Australia) Pty Ltd*.<sup>93</sup>

*As an award of exemplary damages is intended to punish the defendant for conduct showing a conscious and contumelious disregard for the plaintiff's rights and to deter him from committing like conduct again, the considerations that enter into the assessment of exemplary damages are quite different from the considerations that govern the assessment of compensatory damages. There is no necessary proportionality between the assessment of the two categories. In *Merest v. Harvey* (1814) 5 Taunt 442 (128 ER 761) substantial exemplary damages were awarded for a trespass of a high-handed kind which occasioned minimal damage. Gibbs C.J. saying:*

*"I wish to know, in a case where a man disregards every principle which actuates the conduct of gentlemen, what is to restrain him except large damages?"*

The social purpose to be served by an award of exemplary damages is, as Lord Diplock said in *Broome v. Cassell & Co.*, at p.1130, "to teach a wrong-doer that tort does not pay".

It must therefore be proven that a respondent passed off products as the applicant's product in a manner amounting to a "conscious and contumelious disregard" for the applicant's rights in the sense considered by Brennan J in *XI Petroleum*. This is relatively easy to do in direct counterfeit cases, where well-known and established brands are copied, usually exactly. It follows that these cases are particularly apt for the award of exemplary damages, to set an example for others that the tort of passing off does not pay.

The amount of exemplary damages is of course entirely in the court's discretion. As noted by Brennan J in *XI Petroleum* above, there is no necessary proportionality between compensatory damages and exemplary damages, and indeed, the latter may be many times greater than the former.

#### A Parting Consideration: Authorisation and the Joint Tortfeasor

Authorisation under the *Copyright Act* is a hot topic in the world of ISP's and internet users, as the *Roadshow Films v iiNet*<sup>94</sup> case attests. In any action involving the retail sale of infringing articles, one must consider not only authorisation under s.101 of the *Copyright Act* for any copyright infringement, but also whether it is open to issue proceedings against a landlord owner of a market, shop or shopping centre alleging they are a joint tortfeasor for the infringement of their tenants for trade mark infringement.

Although not ultimately successful, the case of *Louis Vuitton v Toea*<sup>95</sup> is worthy of consideration, as it gives an insight into matters that should be considered in formulating such an action aimed at protecting trade marks in fashion items. Ultimately, as with the authorisation cases, much will come down to, among other things, the control that could be exerted,<sup>96</sup> what practically could be done, what in fact was done when presented with an allegation of infringement, and whether the allegations of infringement required further investigation, such as to justify any failure to act.

In *Louis Vuitton v Toea*, Louis Vuitton commenced proceedings in the Federal Court against Toea Pty Ltd, the owner of the Carrara Market on the Gold Coast and Mr Rosenlund who was the manager of the market. Louis Vuitton claimed that the

respondents were liable as joint tortfeasors for the trade mark infringement of certain stallholders. It was alleged that Toea and/or Mr Rosenlund infringed and continued to infringe one or more of the Louis Vuitton trade marks, as the conduct of the infringing stallholders was conduct undertaken with the concurrence of Toea and/or Mr Rosenlund and pursuant to a common design.<sup>97</sup>

It was not seriously in dispute that that stallholders at the market had infringed Louis Vuitton's trade marks, through the sale of counterfeit bags. However, rather than seeking relief for the trade mark infringement against the stallholders themselves (who were people of straw) Louis Vuitton sought to hold Toea Pty Ltd and Mr Rosenlund liable for trade mark infringement on the basis that they were aware of the stallholders' infringements, they permitted the stallholders to continue trading, they failed to take adequate steps to prevent further infringements and they derived financial advantage from the stallholders continued trading.

Clearly, what was behind this was to ensure that the owners or landlords of retail markets or premises helped police what was being sold from those stalls.

In considering Louis Vuitton's claim, Dowsett J relied on the classic statements from *The Koursk*,<sup>98</sup> applying the following statement of Scrutton J at 156:

*Persons are said to be joint tortfeasors when their respective shares in the commission of the tort are done in furtherance of a common design ... "But mere similarity of design on the part of independent actors, causing independent damage, is not enough; there must be concerted action to a common end." Still more so when there is not even similarity of design, but independent negligence accidentally resulting in one damage.*

*The Koursk* case had been previously followed by the High Court in *Thompson v Australian Capital Television Pty Ltd*<sup>99</sup>, where the majority (Brennan CJ, Dawson and Toohey JJ) said:

*The difference between joint tortfeasors and several tortfeasors is that the former are responsible for the same tort whereas the latter are responsible only for the same damage ... As was said in The Koursk ..., for there to be joint tortfeasors "there must be a concurrence in the act or acts causing damage, not merely a co-occurrence of separate acts which by their conjoined effect cause damage". Principal and agent may be joint tortfeasors where the agent commits a tort on behalf of the principal, as master and servant may be where the servant commits*

## Do IP Laws Adequately Protect Fashion?

*a tort in the course of employment. Persons who breach a joint duty may also be joint tortfeasors. Otherwise, to constitute joint tortfeasors two or more persons must act in concert in committing the tort.*

Although ultimately dismissing Louis Vuitton's claim, Dowsett J gave an insight into circumstances where a party may be held liable as a joint tortfeasor for the infringement of other, when at para [164] his Honour said:

*There will be cases in which the relationship between the person who commits a tort and another person may be such as to amount to both authorisation (in the case of copyright) and also to satisfy the test for joint tortfeasors laid down in The Koursk and Thompson v Australian Capital Television. However, to prove authorisation is not necessarily to prove infringement. As the present case demonstrates, control does not, itself, imply a common purpose. However, the extent of control may be relevant evidence in determining whether such a common purpose existed at the relevant time.*

Although the principle of liability as a joint tortfeasor has not been revisited in a reported case in a fashion setting, it remains a powerful cause to ground liability when the right matrix of facts present. It should not be dismissed on the basis of the *Loius Vuitton* case, which turned on the facts of that case. Circumstances can, and no doubt will in the future, exist where landlords will be held liable as joint tortfeasors for the trade mark infringements of their tenants.<sup>100</sup>

### Do the IP Laws Adequately Protect Fashion?

In conclusion, it is fair to say that the existing IP regime, and the courts which interpret and apply those laws, do protect the fashion industry remarkably well given the peculiar nature of the industry.

However, it must be acknowledged that the fledgling fashion designers, who may feel that they cannot afford or justify the expense of registering their designs, were undoubtedly better off under the pre-17 June 2004 regime, where the copyright in their "original" design drawings and patterns could be infringed if the garment or accessory made from those drawings or patterns was copied.

Whilst protection of the shape and configuration of a fashion product presents a dilemma given the seasonal nature of the business, the reality is that shape and form make up only a small part of what fashion is today. The law has never had

any difficulty protecting brands, and as much of fashion is about name, image and reputation, the experienced IP professional has, in my view, ample ammunition in her or his legal armoury to ensure that infringers of recognised brands are brought to heel.

- 1 Barrister at Law, Chancery Chambers, Victoria.
- 2 Generally a summer range and a winter range is produced each year. Of course, there are fashion icons and items that transcend one season and will be produced for a number of years.
- 3 As well as passing off and the *Competition and Consumer Act 2011* (Cth) or earlier *Trade Practices Act 1974* (Cth).
- 4 Of course, even if not registered, the shape and form is relevant in actions brought under the tort of passing off and actions under ss.5 and 53 of the *Trade Practices Act* and the equivalent provisions in Schedule 2, ss.18 and 29 of the *Consumer & Competition Act*.
- 5 Section 15(1) of the *Designs Act 2003* (Cth). Under this test, minor or insignificant changes to a design are irrelevant if the overall impression remains one of substantial or significant similarity; the focus now being on the similarities between the two designs, rather than the differences.
- 6 Section 16(1).
- 7 Section 16(2).
- 8 Sections 73(a) (b).
- 9 Section 118(1).
- 10 Deemed to also be a person who directs, causes or procures the product to be made by another whether or not an employee of that person: *Review v Innovative Lifestyle Investments* (2008) 75 IPR 289 at [21].
- 11 Section 71(1).
- 12 Section 71(3).
- 13 Section 19(1).
- 14 Section 19(4).
- 15 (2008) 173 FCR 450; (2008) 79 IPR 214 at [26].
- 16 So, this is an expanded definition. Design registrations continue to be assessed against designs *used* previously in Australia but expanded to include those that have been *published* anywhere in the world.
- 17 And New Zealand fashion companies.
- 18 At [56] – [59].
- 19 Two-dimensional visual features of pattern or ornamentation applicable to a surface of an article will still attract protection under the *Copyright Act 1968* (Cth) as artistic works.
- 20 Putting aside the tort of passing off and the provisions of the *Trade Practices Act* and the *Consumer & Competition Act* where shape and configuration will still be relevant even when no design registration exists.
- 21 *Elwood Clothing Pty Ltd v Cotton On Clothing Pty Ltd* (2008) 172 FCR 580.
- 22 Previously ss.52 and 53 of the *Trade Practices Act*. Also, for infringements by natural persons, under the relevant state Fair Trad legislation.
- 23 Sections 31(1)(a)(i) and (b)(i) of the *Copyright Act*.
- 24 Section 36 of the *Copyright Act*.
- 25 By operation of s.14 of the *Copyright Act*.
- 26 *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 All ER 465, recently applied (for example) in *IceTV Pty Limited v Nine Network Australia Pty Limited* [2009] HCA 14; *S W Hart & Co Pty Ltd v Edwards Hot Water Systems* (1985) 159 CLR 466 at 474 per Gibbs CJ, 481 per Wilson J and 503 per Deane J., *Milpurrurru v Indofurn Pty Ltd* (1994) 30 IPR 209; *Data Access Corp. v Powerflex Services Pty Ltd* (1999) 45 IPR 353.
- 27 For example in *TCN Channel Nine Pty Ltd v Network Ten Pty Limited (No 2)* (2005) 145 FCR 35 the Full Federal Court (including Hely J in dissent) found that a brief 17 second portion of a 67 minute

- television broadcast, i.e.0.42% of the total, was still a substantial part of that broadcast (footage of Prime Minister John Howard singing happy birthday to Don Bradman on the Nine Network "Midday" program).
- 28 (2008) 172 FCR 580 at 592 [62] per Lindgren, Goldberg and Bennett JJ.
- 29 (2008) 76 IPR 83 at [16].
- 30 On the respondent's Notice of Contention, the Full Court found that the semiotic meaning conveyed by the words was so insubstantial and vague that the works could not amount to literary works. The artistic element in the works consists of the layout, balancing, form, font, positioning, shaping and interrelationship of the various elements. Paras [57] – [62], [82].
- 31 [2000] 1 WLR 2416 at [6] per Lord Bingham of Cornhill, [18] [21] per Lord Hoffman, [39]-[40] per Lord Millett, [65] per Lord Scott of Foscote.
- 32 See *Tamawood Ltd v Henley Arch Pty Ltd* (2004) 61 IPR 378 at [55].
- 33 See *Designers Guild*.
- 34 For example, see woodgrain pattern in Louis Vuitton registration 1148747.
- 35 See registration 1097912; 984027.
- 36 Section 120(1) *Trade Marks Act* 1995 (Cth).
- 37 Sections 20(3), 6 and 72(1).
- 38 Section 20 (2) – the note refers to Part 12 for what amounts to infringement of a trade mark, where s.120 is found.
- 39 See *Shell Co of Australia Ltd v Esso Standard Oil (Aust) Ltd* (1963) 109 CLR 407 at 425 per Kitt J (Dixon CJ, Taylor and Owen JJ agreeing); *Johnson & Johnson Australia Pty Limited v Sterling Pharmaceuticals Pty Limited* (1991) 30 FCR 326 at 348, per Gummow J.
- 40 (1963) 109 CLR 407 at 414.
- 41 (1963) 109 CLR 407 at 414-415.
- 42 Which replaces ss.52 and 53 of the *Trade Practices Act*.
- 43 (1999) 44 IPR 281.
- 44 Of course, exemplary damages are available for passing off, but this adds little to a claim for additional damages under s.115(4) of the *Copyright Act*.
- 45 See *Reckitt and Colman Products Ltd v Borden Inc* [1990] RPC 340 at 406-7 per Lord Oliver and *Cadbury Schweppes Pty Ltd v Pub Squash Co. Pty Ltd* [1980] 2 NSWLR 851 at 857 per Lord Scarman.
- 46 Rares J in *Ricegrowers Ltd v Real Foods Pty Ltd*.
- 47 *ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302 per Gummow J at 356; *Consorzio del Prosciutto di Parma v Marks & Spencer plc* [1991] RPC 351 at 368-9; *TGI Friday's Australia Pty Ltd v TGI Friday's Inc* (1999) 45 IPR 43 at [25] per Wilcox, Kiefel and Emmett JJ.
- 48 This three-limb approach has been confirmed by the Privy Council in the Pub Squash case, by the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* (1990) 17 IPR 1 and the New South Wales Court of Appeal in *Morgan & Banks Pty Ltd v Select Personnel Pty Ltd* (1991) 20 IPR 289. In the Full Federal Court of Australia case, *ConAgra Inc. v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302, Gummow J observed at p.356 that the classic trinity does serve to emphasise the "three core concepts in this area of the law".
- 49 *Ricegrowers Ltd v Real Foods Pty Ltd* (2008) 77 IPR 32 at [59], citing *Collitt* 16 CLR at 351.
- 50 *Ricegrowers Ltd v Real Foods Pty Ltd* (2008) 77 IPR 32 at [59], citing *Collitt* 16 CLR at 359, 361.
- 51 *Sydneywide v Red Bull* 55 IPR 354 at [62] per Weinberg and Dowsett JJ; *BM Auto Sales Pty Ltd v Budget Rent A Car System Pty Ltd* (1977) 51 ALJR 254 at 258 per Gibbs J.
- 52 *Sydneywide v Red Bull* 55 IPR 354 at [62] per Weinberg and Dowsett JJ.
- 53 *Australian Woollen Mills Ltd v F S Walton & Co Ltd* (1937) 58 CLR 641; *Telmak Teleproducts (Aust) Pty Ltd* (1989) 15 IPR 362; *Kettle Chip Co Pty Ltd v Append Pty Ltd* (1993) 46 FCR 152; *WD & HO Wills (Australia) Ltd v Philip Morris Ltd* (1997) 39 IPR 356.
- 54 See *Draper v Trist* (1939) 56 RPC 429 (CA).
- 55 [1981] 1 NSWLR 273 at 281-2.
- 56 See *Campomar Sociedad Ltd v Nike International Ltd* (2000) 202 CLR 45 at [99] – [100]; *Dr Martens Australia Pty Ltd v Figgins Holdings Pty Ltd* (1999) 44 IPR 281 at [153, 315] per Goldberg J affirmed on appeal (1999) 95 FCR 136 (Sundberg, Emmett and Hely JJ).
- 57 *Primex Technologies Pty Ltd v Keller Industries Pty Ltd* [2006] FCA 1504 at [76], per Jessup J.
- 58 *Purkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd* (1982) 149 CLR 191 at 198.
- 59 *Taco Company Australia Inc v Taco Bell Pty Ltd* (1982) 42 ALR 177 at 202.
- 60 *Global Sportsman Pty Ltd v Mirror Newspapers Pty Ltd* (1984) 2 FCR 82 at 87.
- 61 *.au Domain Administration Ltd v Domain Names Australia Pty Ltd* (2004) 207 ALR 521 at [12]-[15] and *National Exchange Pty Ltd v ASIC* (2004) 49 ACSR 369.
- 62 *Aristocrat Technologies Australia Pty Ltd v DAP Services (Kempsey) Pty Ltd* (2007) 157 FCR 564, per Black CJ and Jacobson J at [25]; *Interfirm Comparison (Aust) Pty Limited v Law Society of New South Wales* (1975) 6 ALR 445 at 446, per Bowen CJ; *Bailey v Namol Pty Limited* (1994) 53 FCR 102 at 111, per Burchett, Gummow and O'Loughlin JJ.
- 63 *Aristocrat* (2007) 157 FCR 564 at [37], *Sony Computer Entertainment Aust Pty Limited v Stirling* [2001] FCA 1852 per Emmett J at [8].
- 64 *Placer (Granny Smith) Pty Limited v Theiss Contractors Pty Limited* (2003) 196 ALR 257 at 266 [37], per Hayne J, with whom Gleeson CJ, McHugh and Kirby JJ agreed; *The Commonwealth v Amann Aviation Pty Ltd* (1991) 174 CLR 64 at 80, 83-84, per Mason CJ and Dawson J; at 138, per Toohey J; at 153, per Gaudron J; at 161, per McHugh J.
- 65 *Aristocrat* (2007) 157 FCR 564 per Black CJ and Jacobson J at [35]; *Enzed Holdings Limited v Wynthea Pty Limited* (1984) 57 ALR 167 at 183, per Sheppard, Morling & Wilcox JJ.
- 66 (2003) 196 ALR 257 at 266 [38].
- 67 (2003) 58 IPR 66.
- 68 (2003) 58 IPR 66 at 67.
- 69 (1984) 57 ALR 167 at 183.
- 70 (2011) 91 IPR 135 at [98].
- 71 [2011] FMCA 266 at [39]. See also Emmett J in *Sony Computer Entertainment Australia Pty Ltd v Stirling* [2001] FCA 1852 at [7].
- 72 *Autodesk Australia Pty Ltd v Cheung* (1990) 17 IPR 69 at 76 per Wilcox J citing Horridge J in *Fenning Film Service v Wolverhampton, Walsall and District Cinemas Ltd* [1914] 3 KB 1171 at 1174.
- 73 (2008) 79 IPR 236 At [54]-[62], applying *Jones v Dunkel* (1959) 101 CLR 298.
- 74 *Paramount Pictures Corporation and Others v Hasluck and Another* (2006) 70 IPR 293 at [34]-[34]-[35] per French J.
- 75 *McCormick v McCormick* (2000) 51 IPR 102 at 129 [86] per Kenny J.
- 76 *Australian Woollen Mills Ltd v F.S. Walton & Co Ltd* (1937) 58 CLR 641 at 657 Dixon and McTiernan JJ, *Sydneywide Distributors Pty Ltd v Red Bull Australia Pty Ltd* (2002) 55 IPR 354 at 388.
- 77 (2008) 75 IPR 289 at [55]-[56].
- 78 No award in this case based on an estimate of lost sales and only \$7,500 general damages for diminution in reputation.
- 79 (2008) 79 IPR 236.
- 80 At [41]-[46].
- 81 At [54]-[62] – not only the basis of a flagrant infringement, but more so because the respondents had failed to make discovery, had provided an inadequate response to a notice to produce and did not attend in court to answer a notice for cross-examination, and on the basis that in the absence of any evidence from the respondents as to the commercial benefit obtained in selling the infringing garments, the court assumed that they made profits from the infringement applying *Jones v Dunkel* (1959) 101 CLR 298.
- 82 (2008) 79 IPR 236 at [61].
- 83 (2004) 63 IPR 54 at [95].

## Do IP Laws Adequately Protect Fashion?

- 84 (1996) 68 FCR 391 at 394, cited again by Burchett J as a member of the Full Court in *Raben Footwear Pty Ltd v Polygram Records Inc* (1997) 75 FCR 88 at 92.
- 85 (2007) 157 FCR 564 at [116], concurring in the orders proposed by Black CJ and Jacobson J.
- 86 [2010] FMCA 17.
- 87 *G-Star Raw Denim v Urban Culture* [2010] FMCA 17 at [22].
- 88 For non-fashion case examples, see: *Aristocrat Technologies Australia Pty Limited v D.A.P. Services (Kempsey) Pty Limited (in liq)* (2007) 157 FCR 564, compensatory damages of \$1 and additional damages of \$200,000. In *Microsoft Corporation v Glostar Pty Ltd* (2003) 57 IPR 518, compensatory damages of \$4,375 and additional damages of \$291,625. In *Vivid Entertainment LLC & Ors v Digital Sinema Australia Pty Ltd & Ors* (No.3) [2007] FMCA 748, compensatory damages of \$1 and additional damages of \$500,000. In *Microsoft Corporation v PC Club Australia Pty Ltd* (2005) 148 FCR 310, compensatory damages of US\$188,950; and additional damages of \$350,000 each against company and one of its directors, and \$50,000 and \$30,000 respectively for the two other directors. In *Zero Tolerance Entertainment Inc & Ors v Venus Adult Shops Pty Ltd & Ors* [2007] FMCA 155, compensatory damages of \$1, conversion damages under s.116(1) of the *Copyright Act* of \$41,466.80 and additional damages of \$150,000.
- 89 Justice Gordon later found the number of items to be not less than 20 in *Facton v Seo* [2011] FCA 344 at [78].
- 90 *Facton v Seo* [2011] FCA 344.
- 91 Dismissing Mr Seo's ground of appeal on this head.
- 92 [2009] FCA 633.
- 93 (1985) 155 CLR 448 at 471, cited with approval by the Full Court in *Lamb v Catogno* (1987) 74 ALR 188 at 192.
- 94 (2011) 275 ALR 1; (2011) 89 IPR 1 currently on appeal to the High Court.
- 95 (2006) 156 FCR 158. Also at (2006) 237 ALR 118; (2006) 70 IPR 307.
- 96 See s.101A of the *Copyright Act* for relevant considerations.
- 97 Paragraph 34 of the Further Amended Statement of Claim. Para [144] Judgment.
- 98 [1924] P 140.
- 99 (1996) 186 CLR 514 at 580-581; see also Gummow J at 600, (Gaudron J concurring).
- 100 And under s.101 of the *Copyright Act* for infringement of copyright.