



TO REGISTER OR NOT...? STATE OF ESCAPE DECISION REINFORCES VALUE OF DESIGN REGISTRATION OVER ATTEMPTS TO RELY ON COPYRIGHT

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Legal Briefings - By **Shaun McVicar and Byron Turner**

For designers and manufacturers launching new products, registered designs are the most appropriate means of protecting the design of, or embodied in, those products. A recent appeal court decision reinforces that, in the absence of a registered design, attempts to establish copyright in these products as "works of artistic craftsmanship" will face significant hurdles, particularly where the design of those products is influenced by functional considerations.

BACKGROUND

In *State of Escape Accessories Pty Limited v Schwartz*¹ the applicant (**State of Escape**), a Sydney-based company that designs and sells tote bags, alleged that copyright subsisted in its perforated neoprene Escape Bag as a "work of artistic craftsmanship" and that similar tote bags imported and sold by the second respondent (**Chuchka**) had infringed that copyright. State of Escape also alleged that Chuchka engaged in misleading and deceptive conduct in contravention of the Australian Consumer Law and engaged in the tort of passing off.

The primary judge concluded that the Escape Bag was not a work of artistic craftsmanship such that copyright did not subsist in it. State of Escape also failed to establish its claims of passing off and misleading and deceptive conduct based on the alleged similarities of the Chuchka Bags, though was partly successful in its claim of misleading and deceptive conduct in respect of statements Chuchka made when marketing its bags. State of Escape appealed the copyright findings to the Full Court of the Federal Court of Australia.

Last week the Full Court dismissed State of Escape's appeal against the finding of the primary judge that copyright did not subsist in the Escape Bag. The three appeal judges agreed with the primary judge that the bag was not a "work of artistic craftsmanship", and so did not constitute an artistic work warranting protection under Part III of the *Copyright Act 1968 (Cth)* (**Copyright Act**). Consequently, in the absence of a registered design for the overall appearance of the Escape Bag, no intellectual property rights were available to State of Escape.

“WORKS OF ARTISTIC CRAFTSMANSHIP”

Artistic works are protected under Part III of the *Copyright Act* and include, relevantly, “work[s] of artistic craftsmanship” as defined in section 10. The origins of copyright protection afforded in these works are attributed to the arts and crafts movement in England in the 19th century, which promoted the value of well-crafted objects over those produced industrially.²

Unlike other categories of artistic works, such as drawings, works of artistic craftsmanship require, for the purposes of copyright subsistence, some form of artistic quality. This artistic quality is relevant not in relation to the work itself, but in the craftsmanship employed to create the work.³

Works of artistic craftsmanship naturally overlap with those attracting protection under the *Designs Act 2003 (Cth)* (**Designs Act**). The Designs Act typically affords lesser protections and the High Court has previously justified the greater protection afforded to works of artistic craftsmanship under the *Copyright Act* as encouraging “real artistic effort”.⁴ On this basis, the characterisation of a work as one of artistic craftsmanship requires assessment of “the extent to which the particular work's artistic expression, in its form, is unconstrained by functional considerations”, to be determined objectively.⁵

The High Court's decision in the seminal case of *Burge v Swarbrick*, a case relating to the design of plugs and mouldings for a yacht, gives a guiding principle that, whilst works of artistic craftsmanship will often have a functional purpose, only those works whose process of production facilitates artistic freedom or input will be afforded protection under the *Copyright Act* once industrially applied (at which time works would ordinarily be reliant on protection under the *Designs Act*). It is therefore the *process of design* that distinguishes industrial designs protected under the *Designs Act* from works of artistic craftsmanship that are afforded protection under the *Copyright Act*.

In seeking to have the Escape Bags characterised as a “work of artistic craftsmanship”, State of Escape raised several grounds of appeal, summarised as follows:

1. Having found that the Escape Bag was “undoubtedly a work of craftsmanship”, the primary judge erred in finding that the Escape Bag was not a work of **artistic**

craftsmanship and that copyright did not subsist in the Escape Bag;

2. That, in assessing whether the Escape Bag was a work of artistic craftsmanship, proper weight was not given to the beauty or aesthetic appeal of the Escape Bag, the artistic effort in designing the bag, or the artistic quality of the bag;
3. That improper weight was given to evidence of functional considerations constraining the design of the Escape Bag;
4. That the primary judge erred in their factual findings concerning the state of the art in bag design and in the evaluation of the Escape Bag as a combination of features; and
5. That the approach to the design and manufacture of the Escape Bag should have been found to involve an act of artistic craftsmanship.

In answer the respondents echoed the primary judge's reasoning that the design of the Escape Bag was largely constrained by functional considerations, and that every feature of the design of the Escape Bag relied upon by State of Escape had a functional quality. They further submitted that the primary judge had correctly weighted the evidence concerning the process of design and that, as the expert witnesses agreed, there was no significant skill, knowledge or training required to design or construct the Escape Bag, such that there was no artistic craftsmanship in the creation of the bag.

FULL COURT'S DECISION

The Full Court dismissed the appeal, ruling against State of Escape. In doing so, the Court found that:

- the phrase “work of artistic craftsmanship” is a composite phrase, requiring an artistic quality to the craftsmanship employed to create the work.⁶
- whilst the intentions of the author may be taken into account, the test of whether a work is one of artistic craftsmanship is ultimately an objective one.⁷
- the fact that a creator does not possess special training, skill and knowledge in the relevant field (in this case, bag design), whilst not determinative, is a factor that may show that the work is not a work of artistic craftsmanship. The primary judge's findings that the selection of readily-available materials for the Escape Bag such as the perforated neoprene and sailing rope involved no act of artistic craftsmanship were not made in error.
- the primary judge's focus on particular design elements was a necessary part of the factual analysis of whether the Escape Bag was a work of artistic craftsmanship and did

not mean that the product as a whole was not considered.

- proper weight was given to evidence of the beauty or aesthetic appeal of the Escape Bag, the artistic effort in designing the bag, as well as the artistic quality of the bag. It was accepted, for example, that the selection of perforated neoprene as the fabric was governed by considerations of appearance and aesthetics.
- the primary judge was correct in finding that the design of the Escape Bag was substantially constrained by functional considerations that outweighed other considerations of visual appeal in the determination of the shape and finish of the Escape Bag. This included several design features, such as the shape of the handles and inclusion of pockets, which solved functional issues in the design of the bag.

The decision means that State of Escape failed in its claim of copyright infringement against the respondents, having been unable to establish that copyright subsisted in the Escape Bag as a "work of artistic craftsmanship".

TAKEAWAYS

There have been relatively few cases considering "work of artistic craftsmanship". However, this case, and those before it, act as a warning to designers and manufacturers that registered designs are the most appropriate way of protecting the overall appearance of commercial products. Those who fail to register their design and try instead to rely on the limited protections afforded by the *Copyright Act* face significant challenges.

1. [2022] FCAFC 63.
2. *George Hensher Ltd v Restawile Upholstery (Lancs) Ltd* [1976] AC 64; *Burge v Swarbrick* (2007) 232 CLR 336 (**Burge**).
3. *George Hensher Ltd v Restawile Upholstery (Lancs) Ltd* [1976] AC 64.
4. *Burge; Coogi Australia Pty Ltd v Hysport International Pty Ltd* (1998) 157 ALR 247.
5. *Burge* at 364.
6. *Burge* at [56].
7. *Burge* at [63]-[64], [83].

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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