Copyright and Designs Overlap - Australia, China and Hong Kong

13 July 2015

Intellectual property is a keystone in today's economy of fast-paced technological advancements and movements due to its capability in encouraging innovation and creativity; therefore it is of importance to have clear legislation providing for and protecting intellectual property. A key piece of intellectual property today is three-dimensional representation of artistic works, which is the application of design to functional and practical objects to give them an aesthetic value and therefore provide intellectual stimulation. The laws generally providing for the protection of three-dimensional representation of artistic works are copyright laws and design patents laws, however, these two areas often overlap, therefore it is important to clarify such positions in Australia, China, and Hong Kong.

The Australian position

Australia has many intellectual property laws which provide a legal framework to protect creative ideas and designs. Such laws provide legally enforceable intellectual property rights to encourage technological innovation and artistic expression for many industries. In particular, a design, which is referred to as the features of shape, configuration, pattern or ornamental which give a product a unique appearance, and is new and distinctive, may be protected if it qualifies as an artistic work under the *Copyright Act 1968* (Cth) and is registrable as a design under the *Designs Act 2003* (Cth).

Currently, there are differences between copyright protection and design protection, including, but not limited to:

(a) a design registration requires a formal application for the registration of the design before rights may be obtained, with a further requirement of the design to be examined and certified by the Registrar, whereas acquiring and enforcing copyright rights do not involve any formal registration or certification processes;
(b) a design registration requires the payment of a fee, whereas copyright protection is automatic and free;
(c) design protection lasts up to ten years from the date the application for the registration of the design is lodged, whereas copyright protection lasts for the author's lifetime and an additional seventy years;
(d) a design registration provides protection against one who is seeking to apply or embody in a product an identical design or a design that is substantially similar in its overall impression to the registered design, whereas copyright rights protects the original expression of ideas; and
(e) design protection gives the owner a monopoly in the visual features of the shape, configuration, pattern and ornamentation of the design, whereas copyright rights

provides protection against the copying of one's work.

Copyright Act 1968 (Cth)

Under section 10 of the *Copyright Act 1968*, work means a literary, dramatic, musical or artistic work, and artistic work means:

(a) a painting, sculpture, drawing, engraving or photograph, whether the work is of artistic quality or not;
(b) a building or a model of a building whether the building or model is of artistic quality or not; or
(c) a work of artistic craftsmanship whether or not mentioned in paragraph (a) or (b); but does not include a circuit layout.

Furthermore, under section 189 of the *Copyright Act 1968*, and in relation to Part IX, which refers to moral rights or performers and of authors of literary, dramatic, musical or artistic works and cinematograph films, artistic work has the meaning of an artistic work in which copyright subsists.
Under section 31(1)(b) of the *Copyright Act 1968*, copyright is the exclusive right, in the case of an artistic work, to do all or any of the following acts:

(i) to reproduce the work in a material form;
(ii) to publish the work; and
(iii) to communicate the work to the public.

Furthermore, section 32 of the *Copyright Act 1968* provides for original works in which copyright subsists, and section 33 provides for the duration of the copyright in original works, which is until the end of 70 years after the end of the calendar year in which the author of the work died.

Therefore, copyright protection gives exclusive rights to license others in regards to copying the work, performing the work in public, broadcasting the work, publishing the work or making an adaptation of the work, but essentially, copyright protection also provides limited rights in relation to a design, because it does not provide protection when another independently arrives at the same piece of work, therefore requiring some element of copying.

Designs Act 2003 (Cth)

A design refers to the features of shape, configuration, pattern or ornamentation which gives a product a unique appearance, and must be new and distinctive. Design registration protects designs that have an industrial or commercial use, in which an owner possesses exclusive rights to commercially use the design, licence or sell the design.

Essentially, design registration protects the appearance of a product, and not its function. Under section 15 of the *Designs Act 2003*, a design is a registrable design if the design is

new and distinctive when compared with the prior art base for the design as it existed before the priority date of the design, and the prior art base for a design consists of:

(a) designs publicly used in Australia;
(b) designs published in a document within or outside Australia; and
(c) a design disclosed in an earlier design application.

Furthermore, under section 16 of the *Designs Act 2003*, a design is distinctive unless it is substantially similar in overall impression to a design that forms part of the prior art base for the design.

A registered design gives certain exclusive rights to its owners, which is provided for under section 10 of the *Designs Act 2003* to include the right to:

(a) make or offer to make a product, in relation to which the design is registered, which embodies the design;
(b) import such a product into Australia for sale, or for use for the purposes of an trade or business;
(c) sell, hire or otherwise dispose of, or offer to sell, hire or otherwise dispose of, such a product;
(d) use such a product in any way for the purposes of any trade or business;
(e) keep such a product for the purposes of doing any of the things mentioned in paragraph (c) or (d); and
(f) authorise another person to do any of the above.

Under section 71 of the *Designs Act 2003*, a person infringes a registered design if, during the term of registration of the design, and without the license or authority of the registered owner of the design, the person:

(a) makes or offers to make a product which embodies a design that is identical to, or substantially similar in overall impression to the registered design;
(b) imports such a product into Australia for sale, or for use for the purposes of any trade or business;
(c) sells, hires or otherwise disposes of such a product;
(d) uses such a product in any way for the purposes of any trade or business; or
(e) keeps such a product for the purpose of doing any of the things mentioned above.

Remedies for infringement under section 75 of the *Designs Act 2003* includes an injunction subject to such terms as the court thinks fit and damages or an account of profits. Therefore, protection under the *Designs Act 2003* is extensive and provides for many situations in which a person's right under the Act may be infringed/

Overlap between the Copyright Act 1968 (Cth) *and the Designs Act 2003* (Cth)

The *Copyright Act 1968* attempts to deal with the overlap between the copyright protection regime and the design protection regime in sections 74 to 77 of the *Copyright Act 1968*. Under the *Copyright Act 1968*, copyright protection may be lost if a

three-dimensional artistic work is applied for, as it confers design protection. This is provided for under section 75 of the *Copyright Act 1968*, which states that where a copyright subsists in an artistic work and a corresponding design is or has been registered under the *Designs Act 2003*, it is not an infringement of that copyright to reproduce the work by embodying that, or any other, corresponding design in a product.

Furthermore, section 77 of the *Copyright Act 1968* provides something similar but in relation to the application of artistic works as industrial designs without registration of the designs, which states that the section applies where:

(a) copyright subsists in an artistic work;
(b) a corresponding design is or has been applied industrially, whether in Australia or elsewhere, and whether before or after the commencement of this section, by or with the licence of the owner of the copyright in the place of industrial application; and
(c) at any time on or after the commencement of this section, products to which the corresponding design has been so applied are sold, let for hire or offered or exposed for sale or hire, whether in Australia or elsewhere; and
(d) at that time, the corresponding design is not registrable under the *Designs Act 2003* or has not been registered under that Act.

It is noted under regulation 17 of the *Copyright Regulations 1969* (Cth) that a design is taken to be applied industrially if it is applied:

(a) to more than 50 articles; or
(b) to one or more articles manufactured in lengths or pieces.

Therefore, a design that is considered applied industrially will cause the loss of copyright protection if the product is sold, let for hire or offered or exposed for sale or hire, whether in Australia or elsewhere.

This signifies the importance of registering a three-dimensional representation of an artistic work as a design before applying it industrially, because copyright protection may be lost during design registration, and if the design registration is unsuccessful, for example, due to the design not being new and distinctive because it has been industrially applied, it results in a loss of rights under both Acts altogether.

The China position

China's intellectual property laws are of extreme importance due to its massive economy growth and the need therefore to protect innovation and creativity to further maintain its progress. In particular, three-dimensional representations of artistic works are protected under the Patent Law of the People's Republic of China and the Copyright Law of the People's Republic of China.

China is a member country of the Berne Convention for the Protection of Literary and

Artistic Works, which provides that literary and artistic works include works of applied art, therefore three-dimensional representations of artistic works are covered under Article 1 of the Copyright Law, which provides for the protection of the copyright of authors in their literary, artistic and scientific works and such rights and interests related to copyright.

Under Article 7 of the Berne Convention, it states that it shall be a matter for legislation of the countries to determine the term of protection of works of applied art in so far as they are protected as artistic works; however, this term shall last at least until the end of a period of 25 years from the making of such a work. Also, Article 6 of the Provisions on the Implementation of the International Copyright Treaties state the term of protection for foreign works of applied art shall be 25 years, commencing from the creation of the works

Therefore, because the Copyright Law and its Implementing Regulations do not provide specifically for the protection term, works of applied art are protected for a period of 25 years in accordance with the Berne Convention, as well as those foreign works of applied art. Furthermore, Chinese Courts have relied on the Berne Convention for the protection period of works of applied art, as illustrated by the Beijing Higher Court Final Instance No.279 where it held the protection period to be 25 years for works of applied art in accordance with the Berne Convention and the Implementation of International Copyright Treaties.

However, despite the obligation to provide copyright protection to three-dimensional representations of artistic works or applied art, neither the Copyright Law nor the Berne Convention defines such works.

Copyright Law

Although the concept of 'works of applied art' is not clearly regulated or provided for under Chinese law, courts across China have been reasonably consistent in holding works of applied art are entitled to legal protection as works of fine art, covered by Article 4(8) of the Regulations for the Implementation of the Copyright Law of the People's Republic of China, which provide for works of fine arts to mean two or three-dimensional works of the plastic arts created in lines, colours or other media which impart aesthetic effect, such as paintings, works of calligraphy and sculptures.

In relation to Article 4(8), in Beijing No.2 Intermediate Court IP First Instance No. 145, the importance of the intrinsic utilitarian function was recognised, but with regard to the fact that the types of works that qualify as fine arts was not exhausted in Article 4(8), the case works of fine arts may include works of applied art. This line of reasoning was followed in Judgment Guangdong Higher Court Civil III Final Instance No. 45, where the Court emphasised a work of applied art must also qualify as a work of fine art, and when

a work of applied art meets the artistic and creative requirements for works of fine art, it may be protected under the Copyright Law as a work of fine art.

Therefore, Article 4(8) which stipulate the requirement of an 'aesthetic effect' have transformed into a requirement of 'artistic' in judicial practice. For example, in Beijing No.2 Intermediate Court IP First Instance No. 145, it outlined the importance of utilitarian functions in works of applied art, but it further emphasised the work shall be useful and artistic, where the functional and artistic features are integral. Similarly, in Guangxi Higher Court Civil III Final Instance No.62, it was emphasised that there are two aspects in works of applied arts: the functional aspect, which includes the purpose and the functions, and the artistic aspect, which includes the shape, design, colour, decoration or the aesthetic expression of the design of the work. In relation to a work embodying a functional aspect only, its protection may be governed by the Patent Law, but a work that has both functional and artistic aspects may by protected by the Copyright Law.

In contrast, in Beijing Higher Court Final Instance No.279, there was no mention of works of fine art, but it was stipulated that works of applied art should be functional, artistic, original and duplicable, and while the functional aspect requires the utilitarian value in the work, the artistic aspect requires the work to be an artistic creation, which at least, should satisfy the public as a piece of art.

Analysis of cases

The unanimous position seem to require the work to be 'artistic', which is in line with the Copyright Law and the Berne Convention. However, there are no quantifiable measurement for the artistic value for works, but this can be deemed from court judgments. For example, based on the reasoning of Pudong Court Civil III IP First Instance No.53 judgment, a work will not qualify as a work of applied art merely because it is aesthetically pleasing, but in order to qualify, there must be separable aesthetic features from the utilitarian features, or else the work is merely a utilitarian product, capable of protection under the Patent Law only.

Included in the following are standards that have been upheld by Chinese courts in recognising works of applied art to be regarded and protected as copyrightable works:

(a) originality, which require works of applied art to be of independent creation and to have creativity;
(b) practical applicability;
(c) reproducibility; and
(d) aesthetic value, which is the basic requirement for works to be identified as works of fine art.

<u>The 'identical or similar' standard</u>

OKBaby Ltd vs. Cixi Jiabao Child Product Ltd. (Beijing No.2 Intermediate Court, No.12293, 2008)

OKBaby claimed its product, the Spidy Toilet Bowl, which was a merged image of an animal and a child's toilet bowl, was copied and should be protected as a work of an applied art. The court held that the product was of aesthetic value, artistic, original and reproducible, therefore making it eligible for protection as works of fine art under the Copyright Law, and further that when comparing the products of both parties, they were substantially similar-looking, therefore the Defendant was guilty of infringing OKBaby's original copyrightable product.

Blumberg Industries, Inc vs. Zhongshan Juguang Lamp Ltd. (Beijing No.2 Intermediate Court, No.17315, 2006)

Blumberg Industries, who primarily engaged in lamp designs, claimed the Defendant had infringed the copyright of one of its lamp products. The Court held Blumberg Industries' product was a work of fine art with practical functions and thus copyrightable, therefore the Defendant was held guilty of copying Blumberg Industries.

Chaozhou Ge Lan Te Clothes Ltd. vs. Haichang Ltd. (Jiangxi High Court, No.19, 2007)

In this case, it was held the Defendant's work was different and uniquely original, and therefore it satisfied the elements needed for works of fine art under the Copyright Law, however, although it did not completely copy the original work and made substantial alterations, they were unsubstantial alterations founded on the original expression with no deviations made, therefore the Defendant's products were held to have infringed upon the Plaintiff's products.

Lack of artistic attributes or features

Ai Lu Mu International Ltd. vs. Huizhou Xin Li Da Electronic Tools Ltd. (Guangzhou High Court, No.45, 2006)

The Court held a work of applied art must have attained a sufficiently high level of artistic creativity to be a work of fine art, therefore implying works of applied art containing low artistic elements or a lack of artistic attributes will be excluded from the protection of the Copyright Law. In this case, a plastic cutter of which the Appellant requested protection was of general appearance with an emphasis on its practical function, therefore it lacked aesthetic value and generally did not induce its audience to appreciate the value of its appearance alone, therefore its practical nature and lack of required aesthetic or artistic features prevented it from being regarded as a work of applied art protected under the Copyright Law.

Inter Ikea Systems B.V. vs. Taizhou Zhongtian Plastic Ltd. (Shanghai No.2 Intermediate Court, No.187, 2008)

In this case, the Court held the artistic attributes of works of applied art have to satisfy the minimum requirement of works of fine art in order to be protected by the Copyright Law. The theme of Ikea's children's chair 25was mainly demonstrated in the lines of the overall figure and by observing it as a whole, it was not distinct from an ordinary children's chair in external appearances but belonged to a rather simple design. Therefore, it did not satisfy the minimum requirement of 'artistic' and was not a work of applied art within the Copyright Law's scope of works of fine art.

Lego Inc. vs. Guangdong Xiao Bailong Toy Ltd. (Beijing No.1 Intermediate Court, No.16676, 2010)

In contrast, this Court in this case adopted a comparatively low requirement for artistic value in works of applied art, and held the key lies in whether such an expression was independently created and if the basic level of intellectual creativity as required by the Copyright Law was reached. Therefore, the Lego toy brick product was an abstraction of art and carried an artistic beauty which accomplished the basic level of creativity, therefore carrying an expression satisfying the independent creativity requirement. With regards to the requirement of satisfying the basic level of intellectual creativity, the Court clarified that the basic level is not to require the intellectual achievement to reach a comparatively high level of artistic or scientific level of aesthetic value, but merely requires the intellectual creation to be not too low and negligible. Furthermore, the Court confirmed the criteria for industrial designs to qualify as works of applied art to gain protection under the Copyright Law to include the following requirements:

(a) practical applicability;
(b) artistic quality;
(c) originality; and
(d) reproducibility.

Therefore, the China Courts have protected works of applied art under works of fine art by requiring the product to consist of all the original requirements a work must have to be protected under the Copyright Law such as originality and reproducibility, but further, to also have an artistic or aesthetic value and to be of practical applicability. The cases have clarified that such standards are relatively low, in requiring the artistic or aesthetic value to be not too low and negligible, and to use the 'similar or identical' standard when determining any infringements.

Patent Law

The Patent Law provides protection for designs or applied art in accordance with Article 2 of the Patent Law, which states that design patents are granted with respect to a product

where there is a new design of the shape, pattern, or the combination thereof, or the combination of the colour with the shape and patterns, which are rich in aesthetic appeal and are fit for industrial application. Furthermore, under Article 11, when a design patent right is granted, no unit or individual may exploit the patent without permission of the patentee or he may not, for production or business purposes, manufacture, offer to sell, sell or import the design patent products, and the duration of the design patent right shall be 10 years under Article 42, commencing from the date of application.

The requirement of novelty is central to the concept of patents, therefore under Article 23, it provides for the requirement of novelty in the following terms:

a) a design for which the patent right is granted is not an existing design;
b) no application is filed by any unit or individual for any identical design with the patent administration department under the State Council before the date of application for patent right; and
c) no identical design is recorded in the patent documentations announced after the date of application.

Furthermore, it provides that designs for which the patent right is to be granted shall be ones which are distinctly different from the existing designs or the combinations of the features of existing designs, and that designs for which a patent right is granted shall be ones which are not in conflict with the lawful rights acquired by other prior to the date of application.

Therefore, under the Patent Law, three-dimensional works may be protected if the design satisfies the novelty requirement and is applicable under the Article 2 definition.

Dual protection

Dual protection exist under the Copyright Law and the Patent Law, which was confirmed in the case No.279 (INTERLEGO AG), where the Beijing Higher Court held that the better interpretation was that there is no evidence showing China prohibits dual protection to works of applied art, therefore there is nothing preventing a work of applied art to acquiring protection under the Patent Law and the Copyright Law simultaneously and successively.

The term for copyright protection is 25 years, as opposed to the protection term under the Patent law for designs, which is 10 years. Therefore, to gain protection under both the Copyright Law and the Patent law would be beneficiary for one's work of applied art. For example, the protection of the Copyright Law can cover works of applied art when the protection period under the Patent Law has expired. In the case Wuxi Haiyi Sculpting Ltd. vs. Li Jiashan (Jiangsu High Court, No.115, 2007), the Plaintiff obtained for its diamond-shape seal handle a design patent in 1998, which subsequently expired and therefore required the protection of the Copyright Law. Therefore, under the Copyright Law, the product had to meet the requirements of originality and reproducibility, as well

as being a work of art, therefore requiring the product to contain artistic attributes having aesthetic meaning, and furthermore to have practical attributes which contributed to the product's practical use.

The China position is a gray area in relation to the protection of works of applied art due to the lack of legislative guidance and clarification. However, the China Courts have filled in the gaps on a case-by-case basis and elaborated and established a platform whereby works of applied art may be protected under the Copyright Law, if the necessary requirements are met.

The Hong Kong position

Hong Kong's intellectual property laws consist of the Copyright Ordinance of Hong Kong (Cap. 528), the Patents Ordinance (Cap. 514), the Registered Designs Ordinance (Cap. 522), and numerous conventions including the World Trade Organisation Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Hong Kong protects three-dimensional representations of an artistic work under the Copyright Ordinance and the Registered Designs Ordinance.

Registered Designs Ordinance

Under section 2 of the Registered Designs Ordinance, a design means the features of shape, configuration, pattern or ornament applied to an article by any industrial process, being features which in the finished article appeal to and are judged by the eye, but does not include:

(a) a method or principle of construction; or
(b) features of shape or configuration of an article which –
    i. are dictated solely by the function which the article has to perform; or
    ii. are dependent upon the appearance of another article of which the article is intended by the designer to form an integral part.

Furthermore, the requirement of novelty is required for a design to be registered, therefore a design which is new may be registered under Section 5, but a design shall not be regarded as new if it is the same as:

(a) a design that has been registered in pursuance of a prior application; or
(b) a design that has been published in Hong Kong or elsewhere before the filing date of the application; or
(c) if it differs from such a design only in immaterial details or in features which are variants commonly used in the trade.

Under section 31, the registration of a design under the Registered Designs Ordinance

gives to the registered owner the exclusive right for any article in respect of which the design is registered:

(a) to make in Hong Kong or import into Hong Kong:
    i. for sale or hire; or
    ii. for use for the purpose of trade or business; or
(b) to sell, hire, or offer or expose for sale or hire in Hong Kong.

The period of protection is provided for under section 28, which stipulate the initial period of registration of a design is 5 years beginning on the filing date of the application for registration, but the period of registration may be extended for additional periods of 5 years each to the total period of registration not exceeding 25 years.

Copyright Ordinance

Under Article 2 of the Berne Convention, the expression 'literary and artistic works' include three-dimensional works, therefore in accordance with Section 2 of the Copyright Ordinance where it provides for a copyright to be a property right which subsists in accordance with original literary, dramatic, musical or artistic works, three-dimensional works are protected under the Copyright Ordinance. Furthermore, under section 5, artistic works are further provided to include:

(a) a graphic work, photograph, sculpture or collage, irrespective or artistic quality;
(b) a work or architecture being a building or a model for a building' or
(c) a work of artistic craftsmanship.

Section 17 provides the copyright will expire at the end of the period of 50 years from the end of the calendar year in which the author dies, and under section 22, the owner of the copyright in a work has the exclusive right:

(a) to copy the work;
(b) to issue copies of the work to the public;
(c) to rent copies of the work to the public;
(d) to make available copies of the work to the public;
(e) to perform, show or play the work in public'
(f) to broadcast the work or include it in a cable program service;
(g) to make an adaptation of the work or do any of the above in relation to an adaptation.

Furthermore, three-dimensional works are covered under Section 23(3), where it states it is an infringement to copy an artistic work, which includes the making of a copy in three-dimensions of a two-dimensional work, and the making of a copy in two-dimensions of a three-dimensional work.

Overlap between Copyright Ordinance and Registered Designs Ordinance

The Copyright Ordinance and the Registered Designs Ordinance provides for the overlap

of the protection over three-dimensional works. Under section 86 of the Copyright Ordinance, a corresponding design, in relation to an artistic work, means a design within the meaning of the Registered Designs Ordinance which if applied to an article would produce something which would be treated for the purposes as a copy of the artistic work. Therefore, as provided under Article 87, where an artistic work has been exploited by making – by an industrial process – articles falling to be treated as copies of the work and marketing such articles, then after the end of the period of 25 years from the end of the calendar year in which such articles incorporating a registered design are first marketed, the work may be copied without infringing copyright in the work.

Furthermore, the Registered Designs Ordinance also provides by stating in section 10 that where an application is made by the owner of copyright in an artistic work for the registration design, the design shall not be treated as being other than new by reason only of any use previously made of the artistic work. However, this does not apply if the previous use consisted of or included the sale, letting for hire, or offer or exposure for sale or hire of articles to which had been applied industrially the design in question and the previous use was made by the copyright owner. Section 29 also includes that where the registered design was at the at the time registered a corresponding design in relation to an artistic work in which copyright subsists or by reason of a previous use of that work would not have been registrable, then, the period of registration of the design expires when the copyright in that work expires.

The Copyright Ordinance and the Registered Designs Ordinance also both provide different scopes of protection; therefore it is necessary to have both in protecting three-dimensional works. Copyright protection provides against copying of the design, and a registered design protects against copying as well as the independent creation of a product not substantially different from the registered design. Furthermore, copyright protects an artistic work, and a registered design protects the shape, configuration, pattern or ornament applied to an article by an industrial process, being features in the finished article.

Conclusion

Australia and Hong Kong both have laws which are clear in relation to the protection of three-dimensional works, but China's laws are insufficient in providing for such an area due to its lack of legislation guidance, although the Chinese Courts have have made an attempt in their cases to clarify China's position. The importance of having clear intellectual property laws is fundamental due to its current significance, therefore it is of great importance to clarify and maintain high quality intellectual property laws, as intellectual property protection is one of the key building blocks in the economy through its fostering of creativity and innovation.