



An Empirical Analysis of the Fashion Design Case Law of Australia

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Abstract Australian laws relating to the protection of fashion design have been unfavourably compared with those of Europe. Some commentators have argued for the adoption of a European-style unregistered design right or a tort of unfair competition. These commentators argue that armed with these causes of action, courts could better enforce design rights which in turn would increase the welfare of consumers. This study counters these arguments by presenting a systematic empirical examination of fashion design cases pursued in Australian courts. Identifying 85 cases over 16 years (1 January 2004 – 1 January 2020), this study reveals that Australian court enforcement of rights is comparable to that found in similar European studies. This study finds that for both counterfeit and non-counterfeit copying cases, fashion designers (asserting trade, copyright or registered design rights) have these rights enforced the majority of the time. Therefore, additional causes of action (which incur heavy evidentiary costs) would be of limited benefit to potential plaintiffs. This article also discusses recent reviews of the Australian design eco-system conducted by IP Australia. These reviews include important survey evidence from Australian designers on the impediments to enforcement (typically high cost) and evidence from consumers as to how they value original design (highly price sensitive). The original empirical analysis in this study (in conjunction with IP Australia's survey evidence) indicates that the majority of Australian designers do not pursue infringing copyists for economic reasons, and not for want of a cause of action.

Keywords Design · Fashion · Litigation · Australia · Europe

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1 Introduction

In recent scholarship, Australian law in relation to the protection of fashion design has been unfavourably compared with the laws of Europe, particularly Italy and France.¹ Some commentators have argued that “structural factors make access to remedies via the courts much more problematical in common law jurisdictions (such as Australia)”.² Atkinson and van Caenegem have gone as far to say that under existing Australian laws, “competitors are not compelled to act ‘fairly’” or “even honestly by moral or commercial norms”.³ These authors have argued that to provide more robust protection to fashion designers, Australia should adopt European-style unregistered designs rights (UDRs)⁴ or adopt a general tort of unfair competition.⁵ Without such instruments to police imitation in the fashion sector, this scholarship claims that consumers will be denied “the welfare derived from dynamic competition and substitution”.⁶

This article challenges these arguments by presenting original empirical evidence of 16 years of fashion rights enforcement in Australia. Part 1 outlines the Australian designs law system; presents critiques in relation to fashion design protection; and then discusses the advent of empirical legal scholarship in relation to UK and European designs law. Part 2 discusses the methodology of the study and Part 3 presents a discussion of the results. Part 4 places the results in the context of recent government analyses of the Australian design eco-system in order to explain why the imposition of European style laws would be benign or unhelpful.

1.1 Overview of Australian Designs Law

In Australia, the registered “designs system” – collectively the Designs Act 2003 (Cth) (hereinafter Designs Act), Designs Regulations 2004 (Cth) and the Designs Examiners’ Manual of Practice and Procedure⁷ – seeks to protect the interests of

¹ Atkinson and van Caenegem (2019); Atkinson et al. (2018); Atkinson et al. (2016); Ciani et al. (2019); van Caenegem and Atkinson (2015).

² Ciani et al. (2019), p. 1105 (“structural factors make access to remedies via the courts much more problematical in common law jurisdictions (such as Australia) than in civil law jurisdictions (such as Italy)”).

³ Atkinson and van Caenegem (2019), p. 216 (“... competitors are not compelled to act ‘fairly’ in the Australian market, perhaps not even honestly by moral or commercial norms: they simply have to act within the confines of IP law and legal protection against consumers being deceived.”).

⁴ Ciani et al. (2019), p. 1108; Atkinson and van Caenegem (2019), p. 215; van Caenegem and Atkinson (2015), p. 150.

⁵ Atkinson and van Caenegem (2019), p. 216.

⁶ Atkinson and van Caenegem (2019), p. 215 (“Finally, we argue that effective policing of competition by imitation in the fashion sector is important, as without it, there will be a tendency towards homogenization and consolidation, denying consumers the welfare derived from dynamic competition and substitution.”).

⁷ See IP Australia, *Designs examiners’ manual of practice and procedure* http://manuals.ipaustralia.gov.au/designs/designs_exam_manual.htm.

designers for up to ten years.⁸ The scope of the registrable interest is limited to the “overall appearance of the product” where that appearance results from “one or more visual features”,⁹ so long as it is “new” and “distinctive”¹⁰ when compared with the “prior art base”.¹¹ Infringement occurs if the alleged infringing product embodies a design that is identical to, or substantially similar in overall impression to, a registered design.¹² An online application starts at AU\$250, with additional fees paid if a designer elects to have their design examined and certified.¹³ Certification is required to commence infringement proceedings¹⁴ and in Australia, approximately 15.9% of all design registrations are certified.¹⁵

It is estimated that design-related industries contribute AU\$67.5 billion per annum to the Australian economy or 3.5% of annual GDP.¹⁶ Of this, fashion-related industries are significant users of the Australian registered designs system. A recent study of the design register revealed that (in terms of the absolute volume of designs), clothing manufacturing ranked the highest among industries applying for a registered design.¹⁷ For example, in 2016, 20% of all Australian design registrations were for clothing manufacturing.¹⁸ By contrast, just 4% of non-resident registrations were for clothing manufacturing.¹⁹

1.2 Critiques of Australian Designs Law

Although the “compass of designs law is comparatively small” it has nevertheless provoked a disproportionately large degree of controversy in Australia.²⁰ There have been persistent questions regarding the protection of designs and the utility of the registered designs system both before and after the inception of the Designs Act 2003 (Cth). Indeed, over the last 16 years there have been multiple reviews,

⁸ The term of protection for a design is five years from the filing date, with an extension of five years (max 10 years) upon payment of a single renewal fee: Designs Act 2003 (Cth) Secs. 46–47 (Designs Act).

⁹ Designs Act Sec. 5 (“design”), Sec. 6 (definition of a product), Sec. 7 (definition of a visual feature).

¹⁰ To be distinctive a design must not be “substantially similar” in overall impression to a design that forms part of the prior art base: Designs Act Part 4 “Validity”.

¹¹ The prior art base for a design consists of designs publicly used in Australia, or published in a document anywhere in Australia or abroad: Designs Act Sec. 15(2).

¹² Designs Act Sec. 71. See also the exclusive rights of registered owners: Designs Act Sec. 10.

¹³ A design must be examined and certified to commence infringement proceedings under Designs Act Sec. 73.

¹⁴ IP Australia, *Design time and costs* <https://www.ipaustralia.gov.au/designs/applying-for-a-design/time-and-costs>.

¹⁵ Falk et al. (2019).

¹⁶ IP Australia (2020a) “Defining Design”, p. 4.

¹⁷ See Falk et al. (2019), p. 13.

¹⁸ *Ibid.*, p. 15, reporting that (“[I]t is worth noting that in Australia, 20 per cent of resident filings were in clothing manufacture in 2016. By comparison, in Germany, Italy and the UK, clothing has been the focus of both resident and non-resident design filers”).

¹⁹ *Ibid.*

²⁰ Ricketson et al. (2019), p. 564.

critiques and inquiries by multiple stakeholders including the Australian government,²¹ practitioners,²² and academia.²³

This has included specific and vocal calls for reform around the protection of fashion. Fashion designers are said to be particularly exposed to unauthorised copying, due to the short and cyclical nature of the industry and the relative ease with which goods can be duplicated.²⁴ Calls for the reform of Australian designs law in relation to fashion have included suggestions to introduce a *sui generis* fashion right,²⁵ a UK-style unregistered design right,²⁶ a US-style fashion bill to extend the Copyright Act,²⁷ and a European-style UDR²⁸ or a tort of unfair competition.²⁹

In order to address these and other issues, IP Australia³⁰ has conducted numerous reviews of the designs system including a 12-month “holistic examination” of the “designs eco-system” which concluded in 2020.³¹ These reviews have included significant economic analysis of the role of designs in the economy and the impact that changes to the designs system have had on demand for registered designs.³² Related to this review and reform process, the Australian government has proposed changes to the current Designs Act,³³ to benefit Australian fashion designers. These include introducing a 12-month grace period prior to file to protect designers from losing rights through inadvertent disclosure (e.g. on a fashion runway or via social media).³⁴ Other changes include simplification of the registration process and giving exclusive licensees legal standing to sue for infringement.³⁵

²¹ For example, Falk et al. (2019). See also The Advisory Council on Intellectual Property (ACIP) (2015); and The Productivity Commission (2016), p. 331.

²² Logan (2014).

²³ Alexander (2018), p. 226.

²⁴ See Singh (2017). See also Peterson (2014).

²⁵ Chan (2011). For a European perspective see Derclaye (2018), p. 422. For a US perspective see Mays (2019), p. 304.

²⁶ See van Caenegem and Atkinson (2015).

²⁷ Chan (2011).

²⁸ Ciani et al. (2019), p. 1108; Atkinson and van Caenegem (2019), p. 215; van Caenegem and Atkinson (2015), p. 150.

²⁹ Atkinson and van Caenegem (2019), p. 216.

³⁰ IP Australia is Australia’s peak government agency for the registration and administration of IP rights and legislation. See <https://www.ipaustralia.gov.au/>.

³¹ IP Australia, *Designs Review Project Research* <https://www.ipaustralia.gov.au/beta/designs-review/Research>.

³² See, Kollmann et al. (2020), Falk et al. (2019) “Design Law and Practice”.

³³ Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020 Draft Explanatory Memorandum <https://consultation.ipaustralia.gov.au/policy/designs-bill-2020/>, p. 6.

³⁴ Under the current law, registrability depends on the novelty and distinctiveness of the design which can be lost if it is identical or similar in overall impression to the prior art. This includes self-disclosure of prototypes or runway displays.

³⁵ Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020 Draft Explanatory Memorandum at <https://consultation.ipaustralia.gov.au/policy/designs-bill-2020/>, p. 6.

What is missing from these reviews is an understanding of whether and how designers actively enforce their rights if they do proceed to court. Australian designers can pursue a multitude of claims against an alleged infringer. For example, via registered or certified rights under the Designs Act, Patents Act 1990 (Cth) or Trade Marks Act 1995 (Cth) (hereinafter Trade Marks Act). They may also enforce unregistered rights under the Copyright Act 1968 (Cth) (hereinafter Copyright Act), the common law tort of passing off, or rely on consumer protection laws proscribing misleading and deceptive conduct such as under Sec. 18 of the Australian Consumer Law (ACL).³⁶ The latter prescribes norms of fairness in commercial conduct.³⁷

1.3 Importance of Empirical Legal Studies Related to Design Rights

Understanding which rights are asserted and which rights are upheld by courts is critical to making any policy decisions in relation to reform or introducing new (and potentially cumulative) rights such as a UDR or a tort of unfair competition.³⁸ Empirical legal research on court enforcement of design rights are labour-intensive and therefore uncommon. Nevertheless, such studies have recently emerged in the UK and the EU. Grist, for example, in examining 35 UK cases, found that both unregistered and registered design rights were important to designers, with both types of rights successfully enforced in UK courts generating an average success rate (across all asserted rights) of 66%.³⁹ Grist argues these results dispel “the myth that it is unduly difficult to succeed in design cases before the English courts.”⁴⁰

In relation to the EU, Church et al. (2019) examined 1315 design cases⁴¹ across 28 Member states and concluded that the “EU design legal framework has been

³⁶ Competition and Consumer Act 2010 (Cth) Schedule 2 Australian Consumer Law (ACL). Formerly the Trade Practices Act 1974 (Cth) (TPA). Under Sec. 18(1) of the ACL “[a] person must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.” Note that in the earlier act, the equivalent section (TPA Sec. 52) applied to “corporations”.

³⁷ It should be noted that contrary to the views of Atkinson and van Caenegem (2019), p. 216 this section was expressly introduced to set a “moral standard” (see Miller (2020), para. [18.20]) or “norm of conduct” (see discussion of the High Court of Australia in *Butcher v. Lachlan Elder Realty Pty Ltd* (2004) 218 CLR 592, 626 [112]) in Australian business. Its wide application is due to the fact that it does *not* require “proof of consumer deception”, (cf. Atkinson et al. (2018), p. 211). A plaintiff need only show a real or remote likelihood of deception for the conduct to establish liability (see Miller (2020) para. [18.20]).

³⁸ For early discussions that foreshadow the current inquiry (on issues of cumulation and design protection) see European discussions: Jehoram (1992); Kur (1993); and Australian discussions Lahore (1992); and Luck (2009) and (2013).

³⁹ Grist (2019). Grist examined 35 cases over 13 years to 2019 and found more than one type of right was asserted – 40% registered designs and 60% unregistered design rights. Rights in this study were: UK unregistered designs; unregistered Community design; UK registered designs; registered Community designs and copyright.

⁴⁰ *Ibid.*

⁴¹ Church et al. (2019), p. 686 where the authors examined the substantive decisions on all types of design rights (registered, unregistered, national and Community) from the courts of the 28 Member States since the entry into force of the Design Directive and Design Regulation until August 2017.

effective over the first 15 years of its existence.”⁴² The authors found that “designs are more likely to be found infringed than not infringed”, stating that “63.5% of designs overall across Member States are infringed while 36.5% are not.”⁴³ The authors found that registered rights were frequently enforced by courts but also found great utility for the unregistered rights system particularly in relation to fashion.⁴⁴ In another article, Church et al. (forthcoming) extend their earlier work by empirically examining the prevalence of overlapping claims in design litigation. That is, the overlap “between all types of design rights (registered and unregistered) and other intellectual property rights” including “patents, utility models, trade marks, copyright ... and unfair competition.”⁴⁵ The authors found that although “the problem of genuine overlaps exists, courts overall apply the law well”. The authors found that in relation to trade marks, claimants won more often than they lost but that the reverse was “true for all other intellectual property rights, risk of confusion and slavish imitation”.⁴⁶ These UK and EU studies indicate that in these mature markets, designers that pursue their rights in court are more likely than not to have those rights upheld, thus indicating an effective legal framework.

Before this study, there was no empirical data exploring how fashion designers pursue their rights in Australian courts and whether this is via their registered design rights or under alternative causes of action. It seems somewhat paradoxical that while many critics claim the registered designs system has failed fashion designers, Australian fashion designers appear to be dominant applicants for registered designs. This begs the question of why? Are fashion designers using registered designs to enforce these rights through court-based litigation? Or, is the registration being used as an indicator of rights to the market? If litigation is the goal, what other causes of action are being litigated and enforced by courts? If litigants rely on alternatives to the Designs Act, does this mean that registrations of designs are a shield rather than a sword? These questions, among others, will be considered through the following analysis of 16 years of fashion-related litigation, reported since the inception of the Designs Act 2003 (Cth), from 1 January 2004 – 1 January 2020.⁴⁷

⁴² *Ibid* p. 712. The authors also acknowledging at p. 687 that “conclusions drawn on the basis of litigated cases cannot be extrapolated with certainty beyond such litigated cases, as litigation is only the tip of what could be termed ‘the dispute iceberg’.”

⁴³ *Ibid* p. 704. The authors noting “[C]ompared to the 77.7% of designs found valid, 63.5% of infringed designs is substantially lower” ... “[O]ne reason for this lower percentage for infringement is that many cases of borderline infringement area litigated”.

⁴⁴ *Ibid* p. 713, (“This tends to confirm the intuition that CUDR is well used in the fashion industry, where items become outdated fast and thus where registering is less appealing or perceived as unnecessary.”).

⁴⁵ Church et al. (forthcoming), p. 2.

⁴⁶ Church et al. (forthcoming) p. 23.

⁴⁷ Note that the Designs Act 2003 (Cth) received Royal Assent on Dec 14, 2003.

2 Methodology

2.1 Sample

The data for this study is the population of case law related to the enforcement of fashion-related design rights decided by Australian state or federal courts⁴⁸ from the inception of the current statute, i.e. from 1 January 2004 to 1 January 2020.⁴⁹ Identifying and selecting fashion-related design cases in a systematic way poses some challenges. Case law in Australian reports is typically categorised by area of legal practice (for example, copyright law). Cases are rarely catalogued under heads of non-legal subject matter (for example, fashion design) or object matter (such as clothing or shoes). To find fashion-related cases, a general text search was required.

However, fashion-related words and phrases can have numerous semantic meanings, attracting many false positives. For example, to simply input “fashion” and “design” into a case law database would return thousands of irrelevant cases with benign references to, among others things, “fashioning a remedy for bankruptcy”. Alternatively, a researcher could “cherry pick” cases based on anecdotal recollections of well-known fashion disputes. However, this may omit lower profile cases that have been litigated in unusual ways. As a result, due to the broad nature of the search and the high probability of false positives, a systematic “bottom-up” approach was employed.

First, a legally-trained researcher retrieved cases on the basis of a cause of action. For this study, searches were anchored against the following truncated terms: trade mark; copyright; patent; passing off; Sec. 18 ACL or Sec. 52 TPA; trade secrets; confidential information; business names; company names; domain names; licensing agreements. The researcher passed each through a full text search in the LexisNexis Advance legal database – “All Subscribed Australian Case Sources”.⁵⁰ Against each of these causes of action, the search results were filtered against truncated terms related to fashion. These were derived from the wording of Locarno classes,⁵¹ and information from the Australian Fashion Council.⁵² Truncated terms were used for: clothing; garments; fashion; textiles; leather; jewelry; haberdashery; cases, parasols, umbrellas; apparel; clocks and watches; counterfeit; seasonal designs; accessories; hats, caps; articles of adornment; shoe; footwear; and glass. This resulted in over 3,000 cases. The researcher reviewed each headnote for any relevance to fashion and identified 135 relevant cases. These were categorised as “clearly fashion related”, “unsure” or “reject”.

⁴⁸ The Federal Court of Australia and Federal Circuit Court have jurisdiction to hear matters relating to Commonwealth legislation and are the most typical venue for IP litigation. State courts also have some jurisdiction (e.g. Designs Act 2003 (Cth) Sec. 73(2)).

⁴⁹ Of the 85 cases, 82 were heard in the Federal Court or Federal Circuit Court/Federal Magistrate’s Court.

⁵⁰ Only courts of record were included thus excluding cases from hearing officers at the ATMO, ADO and APO.

⁵¹ Locarno Agreement Establishing an International Classification for Industrial Designs (No. 12, 2019) <https://www.wipo.int/classifications/locarno/en/>.

⁵² Australian Fashion Council, Resources at <https://ausfashioncouncil.com/resources>.

At the same time, the author conducted an independent search using a different database – WestlawAU – and adopted an opposite search approach. This approach started by using the fashion terms as anchor terms. The search results for each fashion object were filtered against truncated phrases for “infringement” or “copy”. This process identified an additional 45 cases. All 180 cases were then reviewed by the author to identify only those cases where there was substantive discussion of infringement of a fashion-related right or some kind of impugned copying related to fashion.

The scope of the study was limited to reasoning of first instance decisions irrespective of case posture. Thus, the data set included first instance decisions (not reversed on appeal) where the case could be an application for an interim injunction or a full trial.⁵³ This left 85 first instance decisions related to fashion and copying in the final list of cases.⁵⁴

2.2 Coding

Details for each case were inputted into an author-designed Microsoft Access database. Coding was complicated by the fact that in some cases, multiple causes of action were relied upon. Consistent with other empirical studies,⁵⁵ if a cause of action was not discussed in a substantive way, the outcome was coded as “neutral”. Although all causes of action per case were recorded, a forced choice code was used to determine a “dominant” cause of action for each case. This is because most judgements tended to be dominated or resolved over one, rather than all, causes of action pleaded.

Cases were also read to determine “types of infringing conduct”, for example, whether the main issue in the case was counterfeit⁵⁶ or non-counterfeit copying.⁵⁷

⁵³ Huang (2019), p. 116.

⁵⁴ A full list of the 85 cases is available from the author.

⁵⁵ Huang (2019), p. 116.

⁵⁶ “Counterfeit” is not a term defined in the Trade Marks Act, Designs Act, or Copyright Act. However, Australia is a signatory to the TRIPS Agreement wherein the definition of “counterfeit” is the use of an identical trade mark on goods, or of a mark which “cannot be distinguished in its essential aspects” from the owner’s mark. For this article, counterfeit is used synonymously to include “pirated” goods, defined by the TRIPS Agreement as “any goods which are copies made without the consent of the right holder”. See TRIPS Art. 51 note 14.

⁵⁷ For an example of a counterfeit case, see *Facton Ltd v. Rifai Fashions Pty Ltd* (2011) 91 IPR 109; [2011] FCA 290 where the applicants owned and distributed “G-Star” branded clothing. The respondents, imported counterfeit G-star goods and sold them in Australia. This case was coded as a “counterfeit case”. In contrast see *Facton Ltd v. Mish Mash Clothing Pty Ltd* (2012) 94 IPR 523 [2012] FCA 22 where the applicants owned and licensed trade marked labels with the words “G-Star” or “Raw” or “Raw Denim”. The respondents sold clothing that bore the labels “Mish Mash Original Denim” and “M-Mash Raw Denim”. The court held that a subset of the labels used by the respondents were infringing the applicant’s trade marks due (in part) to similarity in layout and orientation. Copyright infringement of a subset of the labels was also found. This case was coded as “non-counterfeit copying of a fashion related right”.

These types of cases could be distinguished from those where the main issue related to parallel imports,⁵⁸ false marketing⁵⁹ or contract disputes (e.g. licensing or authorization to sell).⁶⁰ Again, some cases discussed a number of legal issues, but most cases tended to focus on one main legal issue. As a result, a forced choice code was used to choose a type of “infringing conduct” representative of the judgement.

2.3 Limitations

Although best efforts were taken to identify all fashion-related cases, the complexity of the task means that some cases may have been missed. In addition, all coding was done by the author. While this ensures consistency of approach, differences of opinion are not reflected in these results. In addition, it is recognised that court-reported cases represent a small fraction of the mass of underlying disputes. Many cases commenced in court may settle prior to a hearing.⁶¹ Further, many disputes may resolve by way of a cease-and-desist letter. For example, studies of design enforcement from the UK have shown that only a small proportion of designers pursue infringers through courts and often a legal cease-and-desist letter is sufficient to deter infringement.⁶² Therefore, it is acknowledged that the cases and issues that proceed to court-reported judgements are not completely reflective of the nature of disputes in the marketplace. An additional issue may be that some “ill-advised” litigants pursue close or losing cases to defend their brand in the marketplace at all costs.⁶³

3 Results

3.1 What Types of Objects are Litigated in Courts?

Of the 85 cases identified, the majority of fashion-related cases were for clothing (55.3%), eyewear (14.1%), and shoes (8.2%). An equal and small number of cases related to swimwear, textiles, bags, and other (4.7% each) with the remainder related to hats (2.4%).

⁵⁸ See e.g. *Lonsdale Australia Ltd v. Paul’s Retail Pty Ltd* [2012] FCA 584 where respondents imported trade marked garments and claimed the marks were applied with the consent of the applicants by an overseas licensee.

⁵⁹ *Specsavers Pty Ltd v. Luxottica Retail Australia Pty Ltd* [2013] FCA 648 – the plaintiff failing in its allegations of misleading and deceptive conduct of its competitor Luxottica who had claimed its lenses were superior.

⁶⁰ See e.g. *Pacific Brands Sport & Leisure Pty Ltd v. Underworks Pty Ltd* [2005] FCA 288. In relation to trade marked clothing and termination of a license agreement to use the trade marks.

⁶¹ See from a US context, Clermont and Eisenberg (1998).

⁶² Baumgart et al. (2018), p. 4.

⁶³ For example, in *Pinnacle Runway Pty Ltd v. Triangl Ltd* (2019) 148 IPR 211 the owners of the mark Delphine failed in their claim that Triangl’s use of the word Delphine as a style name was a trade mark infringement. Each party incurred significant costs and the court stated at [1] (“These are ill-advised proceedings in respect of alleged trade mark infringement and cancellation of a trade mark.”).

3.2 What Causes of Action are Pursued in Australian Fashion Litigation?

As discussed earlier, litigants are able to pursue multiple causes of action in any one case. However, the judgement of the court will often focus on a dominant cause of action. The 85 cases were thus examined and coded for which cause of action dominated the judge's reasons. The majority of fashion-related cases turned on resolving rights under the Trade Marks Act (57.6%). This was followed by 17 cases (20.0%) resolving primarily under the Copyright Act. Ten cases (11.8%) relied primarily on Sec. 18 ACL law and eight cases (9.4%) resolved under the Designs Act.⁶⁴

3.3 What Types of Infringing Conduct are Plaintiffs Pursuing in Court?

Such heavy reliance on trade mark rights appears surprising. However, this pattern is understandable when cases are categorised into a single type of “infringing conduct”. Categorising the 85 cases according to conduct, it can be seen that 45.9% of fashion related cases (39 of 85 cases) involved counterfeiting. Twenty cases (23.5%) related to allegations of infringing copying, and 13 cases (15.3%) related to disputes over marketing issues. Four cases (4.7%) related to parallel importation disputes; four cases (4.7%) related to procedural disputes; four cases (4.7%) to damages; three cases (3.5%) related to authorisation issues; two cases (2.4%) to validity; and one case (1.2%) to contract law.

3.4 The Majority of Disputes Relate to Counterfeits

Looking more closely at the 39 counterfeit cases, 30 focussed primarily on trade mark rights. The majority of these (28/30 cases) were resolved in favour of the trade mark holder. In the two cases where the trade mark rights holder did not succeed, the case favoured the defendant due to a question of authorisation liability rather than a dispute over copying.⁶⁵ For the other nine counterfeit cases, all resolved for the rights holder with six cases under the Copyright Act and three under Sec. 18 ACL.

Pursuing counterfeiters via registered trade mark rights has advantages over other causes of action. For example, unlike Sec. 18 ACL or passing off, a registered trade mark holder does not need to prove reputation in the mark to establish an infringement claim on a nationwide basis.⁶⁶ In addition, in contrast to designs law, a trade mark can be registered indefinitely, subject to use.⁶⁷ Furthermore, unlike

⁶⁴ One case turned on a contract dispute relating to trade marks.

⁶⁵ *Facton Ltd v. Xu* (2015) 111 IPR 103 and *Louis Vuitton Malletier SA v. Toea Pty Ltd* (2006) 156 FCR 158; (2006) 70 IPR 307.

⁶⁶ The Trade Marks Act 1990 (Cth) applies nationally (Sec. 3); once the mark has passed registration requirements (Part 4) that are not predicated on “use” or “reputation”, registration provides exclusive rights to use the trade mark (Sec. 20). Reputation can be relevant in later stages for example, the mark may be subject to an opposition action (Part 5) or cancellation (Part 8) which can be based on Sec. 60 (that there is a similar mark to that trade mark that has acquired a reputation in Australia. See e.g. Davison (2011).

⁶⁷ Trade Marks Act 1990 (Cth) Part 7 Division 2.

copyright law, subsistence and ownership of rights are not significant issues once the mark is validly registered.

It is clear that enforcing rights against counterfeiters through registered trade mark rights is a successful strategy. This is consistent with previous studies that have found counterfeit cases to be a “distinct ‘world’ of trade mark enforcement”⁶⁸ where trade mark use and similarity are not disputed; the defendant is often unrepresented or fails to appear;⁶⁹ the proceeding is quickly disposed of;⁷⁰ and the trade mark owner typically wins.⁷¹

3.5 Non-counterfeit Disputes Related to Copying

This leaves consideration of cases where copying is a more nuanced issue – that is, cases of copying involving non-counterfeit goods. A subset of 24 cases was identified where there was an alleged copying of the goods themselves or where trade mark rights were pressed due to use of a similar mark on allegedly similar (but not counterfeit) goods.⁷²

In examining these 24 copying-type cases by dominant cause of action, it was found that cases resolved roughly equally under the Copyright Act (eight cases or 33.3%); Trade Marks Act (eight cases or 33.3%); and Designs Act (seven cases or 29.2%), with one case resolving under Sec. 18 ACL (4.2%).

3.6 Winning and Losing in Fashion Litigation

Coding a win or a loss for each case was complicated by the fact that there could be multiple actions pleaded in any one case. In addition, for each cause of action, there may be multiple legal properties in suit. For example, in a case involving registered trade mark rights, a plaintiff may be enforcing one or more trade marks.⁷³ Various actions and legal properties could lead to a multiplicity of outcomes for any one case.

On that basis, in order to code Win/Loss, a decision was made to adopt the perspective of the rights holder.⁷⁴ From that perspective, it was asked whether the

⁶⁸ See Bosland et al. (2006), p. 366.

⁶⁹ *Ibid* p. 347 (“[A]nalyzing the nature and outcomes of the trade mark litigation, we found a more complex story than previous studies: counterfeit proceedings where the trade mark owner always wins and the alleged infringer often fails to show up in court on the one hand; and more contentious proceedings on the other, where the trade mark owner only succeeded around one-third of the time”).

⁷⁰ Huang et al. (2012), p. 189 finding on average counterfeiting cases took 1.1 hearing days, compared with 2.4 days for passing off and trade mark infringement, which illustrates the less complicated nature of the former.

⁷¹ Bosland et al. (2006).

⁷² Counterfeit cases were removed in addition to cases relating to contract disputes, parallel imports and procedural issues where copying was not a live issue.

⁷³ For example, in *Facton Ltd v. Toast Sales Group Pty Ltd* (2012) 205 FCR 378. (2012) 98 IPR 13, [2012] FCA 612 the alleged infringements related to 12 trade marks.

⁷⁴ There were two cases in the data set where the plaintiff was the *Australian Competition and Consumer Commission* (ACCC) pursuing misleading conduct claims against a rights holder. In these cases, if the plaintiff (the ACCC) won, the rights holder (the defendant) lost so the case was coded as an overall loss

Table 1 Win rates per dominant cause of action – all cases, n = 85

Dominant Cause of Action	Number of Cases (n = 85)				Win rate per CoA (%)
	Lose	Unclear	Win	Total	%
Trade Mark	10		39	49	79.6
Copyright	1	1	15	17	88.2
SEC. 18 ACL	3		7	10	70.0
Design	2	2	4	8	50.0
Other	1			1	0.0
Total	17	3	65	85	76.5

Table 2 Win rates per dominant cause of action – copying-type cases, n = 24

Dominant cause of action	Number of cases (n = 24)				Win rate per CoA (%)
	Lose	Unclear	Win	Total	%
Trade Mark	4		4	8	50.0
Copyright			8	8	100.0
SEC. 18 ACL			1	1	100.0
Design	2	1	4	7	57.1%
Other					
Total	6	1	17	24	70.8%

case outcome would be perceived as a positive result. For example, if the goal was to obtain an injunction and an injunction was awarded based on the potential harm from trade mark infringement, the case was coded as an overall win. This was the system followed even if the case under other actions (e.g. copyright law) went against the plaintiff.

The data reveals that fashion rights holders won their case the majority of the time, with a 76.5% win rate considering all 85 cases, or 70.8% when looking at the subset of 24 non-counterfeit cases. Details are broken down in Tables 1 and 2 respectively. These win rates are higher than the 50/50 win/loss ratio predicted by the Priest–Klein “divergent expectations model”.⁷⁵ However, high win rates were also found in the UK by Grist (66%)⁷⁶ and in the EU by Church et al. (63.5%).⁷⁷

Table 1 illustrates that rights holders involved in fashion-related litigation win more often than they lose (65 out of 85 cases or 76.5%). Note that this dataset of 85

Footnote 74 continued
for the rights holder. *See, ACCC v. Reebok Australia Pty Ltd* [2015] FCA 83 and *ACCC v. Cotton On Kids Pty Ltd* [2012] FCA 1428.

⁷⁵ Priest and Klein (1984).

⁷⁶ Grist (2019).

⁷⁷ Church et al. (2019).

cases includes counterfeit cases (where the rights holder typically wins) and other cases where copying is not in dispute.

Table 2, in contrast, focuses only on the 24 cases where non-counterfeit copying was an issue. The win rate declines slightly from 76.5 to 70.8% with this smaller subset. Twenty-four is a small sample size and inferences are therefore made with caution. Discussion of trends is not appropriate; rather, the cases will be reviewed closely to identify any significant themes.

Table 2 illustrates that once counterfeit cases are removed, the success rate under the Trade Marks Act declines from 79.6% (39/49 cases) to 50% (four out of eight cases).⁷⁸ This success rate of 50/50 is consistent with previous empirical studies of non-counterfeit trade mark litigation.⁷⁹

3.6.1 A Closer Look at Non-counterfeit Cases: Trade Marks Act

In relation to the eight non-counterfeit cases resolved under the Trade Marks Act, the validity of the plaintiff's registration was challenged twice and such challenges were dismissed both times.⁸⁰ In the four cases where the plaintiff won, the defendant was found to have used similar marks on similar goods,⁸¹ on storefronts,⁸² or on social media.⁸³ In the four cases where the plaintiff lost, it was because the court held that the defendant did not use the impugned mark on similar goods;⁸⁴ that the defendant's mark was not deceptively similar;⁸⁵ or that the defendant's use did not rise to impugned trade mark use.⁸⁶

3.6.2 A Closer Look at Non-counterfeit Cases: Designs Act

In relation to the seven copying-type cases resolved under the Designs Act, four cases related primarily to the copying of a registered design(s). In three of those four cases, the court found in favour of the rights holder. For example, in *Hall v. Lewis*

⁷⁸ Finding in favour of the plaintiff – *Facton Ltd v. Mish Mash Clothing Pty Ltd* (2012) 94 IPR 523; *Adidas AG v. Pacific Brands Footwear Pty Ltd (No 3)* (2013) 103 IPR 521; *Bugatti GmbH v. Shine Forever Men Pty Ltd* (2013) 103 IPR 574; *Lamont v. Malishus* [2018] FCCA 423. Finding in favour of the defendant – *Colorado Group Ltd v. Strandbags Group Pty Ltd (No 2)* (2006) 69 IPR 281; *Global Brand Marketing Inc v. YD Pty Ltd* (2008) 76 IPR 161; *Inspire by Sophie Guidolin Pty Ltd v. Finch Entertainment Pty Ltd* [2017] FCA 1618; *Pinnacle Runway Pty Ltd v. Triangl Ltd* (2019) 148 IPR 211.

⁷⁹ Huang (2019), p. 116.

⁸⁰ *Global Brand Marketing Inc v. YD Pty Ltd* (2008) 76 IPR 161 (shoe shape), *Pinnacle Runway Pty Ltd v. Triangl Ltd* (2019) 148 IPR 211 (word mark).

⁸¹ *Adidas AG v. Pacific Brands Footwear Pty Ltd (No 3)* (2013) 103 IPR 521 – (similar stripes on shoes); *Facton Ltd v. Mish Mash Clothing Pty Ltd* (2012) 94 IPR 523 (similar mark used on clothing labels).

⁸² *Bugatti GmbH v. Shine Forever Men Pty Ltd* (2013) 103 IPR 574.

⁸³ *Lamont v. Malishus* [2018] FCCA 423.

⁸⁴ *Colorado Group Ltd v. Strandbags Group Pty Ltd (No 2)* (2006) 69 IPR 281.

⁸⁵ *Global Brand Marketing Inc v. YD Pty Ltd* (2008) 76 IPR 161 (shoe shape mark).

⁸⁶ *Inspire by Sophie Guidolin Pty Ltd v. Finch Entertainment Pty Ltd* [2017] FCA 1618; *Pinnacle Runway Pty Ltd v. Triangl Ltd* (2019) 148 IPR 211.

and Another,⁸⁷ the court held the plaintiff's patent and designs registrations to be valid and infringed by the defendant's hats. The additional three cases were brought in 2008 by dress-designer and retailer Review Pty Ltd. In two of those cases, the courts found the dress designs to be validly registered and infringed by the respondent.⁸⁸ However, in one case – *Review 2 Pty Ltd v. Redberry Enterprise Pty Ltd*⁸⁹ – it was found that while the underlying design had been validly registered, no infringement had occurred. The judge determined that the similarities between the design and the alleged infringing garment were not substantial enough given the prior art and freedom of designers to innovate.⁹⁰

In the more recent case of *Ahiida Pty Ltd v. JB Trading Group Pty Ltd*,⁹¹ the defendant admitted infringement of the plaintiff's registered designs for Islamic swimwear. The more laboured question for the court was the basis and quantum for a variety of damages claims. There were two additional cases where the courts focussed on the cross-claim for (in)validity of the registered design; in *Rosemin Pty Ltd v. Gasp Jeans Chadstone Pty Ltd*⁹² the defendant admitted that the dress designs in suit were substantially similar for the purpose of finding infringement. However, the defendant was successful in their cross claim that the plaintiffs' design registrations were not validly issued.⁹³ Likewise, in *World Brands Management Pty Ltd v. Cube Footwear Pty Ltd*,⁹⁴ the plaintiff's request for an interlocutory injunction was denied due to the court finding a serious challenge to the validity of the plaintiff's registered design.⁹⁵

3.6.3 A Closer Look at Non-counterfeit Cases: Copyright Act

Of the eight decisions resolved under the Copyright Act (none discussed a registered design right), the court found in favour of the copyright owner in every case. This included copyright claims relating to artistic work in a textile used for swimwear and bedding,⁹⁶ as an image on clothing,⁹⁷ or by way of the layout of a t-shirt design.⁹⁸

⁸⁷ (2004) 64 IPR 61.

⁸⁸ *Review Australia Pty Ltd v. Innovative Lifestyle Investments Pty Ltd* (2008) 166 FCR 358; (2008) 75 IPR 289 and *Review Australia Pty Ltd v. New Cover Group Pty Ltd* (2008) 79 IPR 236.

⁸⁹ (2008) 173 FCR 450; (2008) 79 IPR 214.

⁹⁰ (2008) 173 FCR 450; (2008) 79 IPR 214, [59].

⁹¹ [2016] FCCA 3146.

⁹² [2010] FCA 228.

⁹³ [2010] FCA 228 at para. [113].

⁹⁴ (2004) 62 IPR 344.

⁹⁵ (2004) 62 IPR 344 at paras. [5]–[6].

⁹⁶ *Seafolly Pty Ltd v. Fewstone Pty Ltd* (2014) 106 IPR 85 (artistic works used on swimwear textiles); *Dempsey Group Pty Ltd v. Spotlight Pty Ltd* (2018) 138 IPR 190 (artistic works used on bed linen).

⁹⁷ *Pokemon Company International, Inc v. Redbubble Ltd* (2017) 129 IPR 1; *Hells Angels Motorcycle Corporation (Australia) Pty Ltd v. Redbubble Ltd & Anor* (2019) 140 IPR 172; both cases referring to artistic works used on t-shirts.

⁹⁸ *Elwood Clothing Pty Ltd v. Cotton On Clothing Pty Ltd* (2009) 81 IPR 378; – discussing infringement appeal allowed in *Elwood Clothing Pty Ltd v. Cotton On Clothing Pty Ltd* (2008) 172 FCR 580; (2008) 80 IPR 566 finding that the respondent took substantial part of appellants' design in taking appellants' layout and original artistic element.

At least four cases related to copying of a garment.⁹⁹ In *Barry Bowden Investments Pty Ltd v. XOXOXO Trading Pty Ltd*,¹⁰⁰ the plaintiff claimed copyright infringement in materials relating to garments. These materials included design drawings, cardboard sample dressmaking patterns, a sample garment and a graded dressmaking pattern which was scanned into a computer program. The court compared the resulting garments and found an arguable case of infringement.¹⁰¹

The well-known case of *Muscat v. Le*¹⁰² related to the copyright in the “Mytiko” pants where the design was not registrable under the (earlier) Designs Act 1906 (Cth), as then in force. The applicant’s design of the pants involved a sketch, a dressmaking pattern, prototype garments and graded dressmaking patterns. The court found that copyright as an artistic work subsisted in the sketches and patterns and that these were infringed by the respondents.¹⁰³ The court went on to discuss difficult issues relating to the overlap provisions contained in Sec. 77 of the Copyright Act 1968.¹⁰⁴

After this case, the applicant identified other infringers of her pants design and filed for injunctions in the case of *Muscat v. Best Direction Pty Ltd*.¹⁰⁵ In that case, the court awarded an interim injunction but noted that there was a serious issue to be tried as to the ownership of the copyright in the patterns (a matter not at issue in the earlier case); as well as a question as to infringement and the applicability of the findings in the earlier case.¹⁰⁶

In summary, for non-counterfeit copying cases asserted through registered rights under the Trade Marks Act and the Designs Act, rights holders were successful around half of the time. Court-contested issues related more to the analysis of the infringing conduct than to the validity of the underlying registration. In contrast, under the Copyright Act – where in Australia registration is not required for subsistence or enforcement – the plaintiffs succeeded in all eight cases. A parallel here may be drawn to Church et al.’s findings in the EU – that unregistered design rights are infringed more often than registered rights.¹⁰⁷ Those authors speculated that this may be because registered designs are more easily found and thus avoided.¹⁰⁸ In Australia, in relation to unregistered copyrights, potential infringers may be unaware of the copyrights of other designers and therefore inadvertently infringe them more often. It may also be that for a litigant plaintiff, the absence of registration is strategically beneficial as it allows the plaintiff greater flexibility in

⁹⁹ *Barry Bowden Investments Pty Ltd v. XOXOXO Trading Pty Ltd* [2004] FCA 11; *Muscat v. Best Direction Pty Ltd* (2004) 60 IPR 1; *Muscat v. Le* (2003) 60 IPR 276; where the design was held to be not registrable under the Designs Act 1906 which was in force at the relevant time.

¹⁰⁰ [2004] FCA 11.

¹⁰¹ [2004] FCA 11, para. [14].

¹⁰² (2003) 60 IPR 276.

¹⁰³ (2003) 60 IPR 276, paras. [37]–[38].

¹⁰⁴ (2003) 60 IPR 276, paras. [50]–[63].

¹⁰⁵ (2004) 60 IPR 1.

¹⁰⁶ (2004) 60 IPR 1, paras. [8] and [17].

¹⁰⁷ Church et al. (2019), p. 705.

¹⁰⁸ *Ibid.*

defining the scope of their allegedly infringed design and avoids the cost of obtaining registration and certification.

4 Discussion

4.1 Do Australian Courts Enforce the Rights of Fashion Designers?

The findings in this study refute the critique that Australian courts are problematic forums for fashion designers. The win rates of designers in Australia are slightly higher than those found in empirical studies in the EU and the UK. Therefore, the lack of an effective cause of action cannot be the sole justification for the introduction of a UDR or a tort of misappropriation.

In summary, these results illustrate that over the 16-year period since the inception of the Australian Designs Act there have been 85 cases in federal or state courts where the subject matter has been fashion-related copying. These litigants pursued rights primarily under the Trade Marks Act (49 of 85 cases, or 57.6%), with a win rate of 76.5%. Excluding counterfeit cases, the results reveal 24 cases with a win rate of 70.8%. Where each case was coded for one dominant cause of action, the results reveal a reasonably equal distribution between cases resolved under the Copyright Act (eight cases or 33.3%); Trade Marks Act (eight cases or 33.3%); and Designs Act (seven cases or 29.2%); with one case resolved under Sec. 18 ACL.

Of these 24 non-counterfeit fashion cases, the eight that resolved under the Trade Marks Act resulted in a 50/50 (win/loss) outcome for the plaintiffs, a figure consistent with empirical studies of general trade mark litigation.¹⁰⁹ A more interesting result can be seen among the eight copyright fashion cases (win rate of 100.0%) and the seven designs fashion cases (win rate of 57.1%). It appears that some of the garment copying cases under the Copyright Act could have been brought under the Designs Act, but the plaintiff did not or could not obtain design registration (certified or otherwise).

Regardless, it appears that reliance on the Copyright Act appears to be a worthy and flexible option for designers who can rely on their copyright for artistic works in textile designs; images and layouts of images; and garment patterns. Reproduction of these can constitute the type copyright infringement that escapes the overlap provisions of the Copyright Act that would absolve the infringer's conduct.¹¹⁰ Establishing subsistence of copyright in an artistic work is comparatively easy. In contrast, registering for a design under the Designs Act requires time, effort and money.

4.2 Multiple Causes of Action

One observation emerging from this study is that multiple causes of action tend to be filed in Australian design-related cases. This reflects a similar practice in the EU,

¹⁰⁹ Huang (2019), p. 119.

¹¹⁰ See van Caenegem and Atkinson (2015).

where (as discussed earlier) Church et al. (forthcoming) have empirically examined the multiplicity of claims in EU designs litigation.¹¹¹ A similar observation has been made in the US designs context by Fromer and McKenna (2018), who argue that the multiplicity of claims in US designs cases (where design patents, trade marks and copyrights are relevant) can lead to a destruction of the notice function of those legal regimes. In other words, it is “difficult for courts and third parties to evaluate the validity and scope of rights.”¹¹²

A similar argument can be made in relation to Australian designs litigation where parties often make multiple claims drawn from the law of designs, trade marks, copyright, and Sec. 18 ACL. Could it be the case that because there is no public register of copyright or unregistered marks that Australian designers rely on placing designs on a public register simply to establish the scope of their rights to third parties? Does that justify retaining a registered designs system? Does the ability to litigate multiple and divergent causes of action mean that some of these legal regimes are redundant? For example, the shape or sole of a shoe can be registered as a shape trade mark or a registered design.¹¹³ Should one type of registration prevail over another? Would additional rights (e.g. UDR, unfair competition) exacerbate the vexed issue of cumulation of rights,¹¹⁴ an issue already acute in fashion design? These questions are beyond the scope of this study, but worthy of consideration in another forum.¹¹⁵

4.3 Why Register for a Design?

In relation to the findings, the pattern of litigation in Australia reveals that registered design rights play only a small part in the overall universe of fashion enforcement cases. This begs the question – why do so many Australian designers apply to register their fashion designs? It may be the case that registered design rights –

¹¹¹ Church et al. (forthcoming). For theoretical perspectives see Kur (2013) discussing the intersection between unfair competition, IP rights and sui generis rights, and Kur (2014) discussing the overlap between trade marks and unfair competition.

¹¹² Fromer and McKenna (2018), p. 123.

¹¹³ See e.g., *Global Brand Marketing Inc v. YD Pty Ltd* (2008) 76 IPR 161.

¹¹⁴ As Alexander (2018), p. 226 notes in her discussion of the copyright/design interface in Australia – historically, Australia followed the UK but in 1968 diverged. Australia “adopted a stricter approach of demarcation until it adopted partial accumulation in 1989.” Australia currently has a partial cumulation approach for 2D works combined with demarcation for 3D works. However, in relation to trade marks and designs, the Australian law permits a design to be registered as a trade mark so long as it is capable of distinguishing the trader’s goods and services. In doing so, an owner can take advantage of renewable terms of trade mark protection. This cumulation has been less controversial than the copyright/design overlap. See, The Advisory Council on Intellectual Property (2015) Review of the designs system. https://www.ipaustralia.gov.au/sites/default/files/acip_designs_final_report.pdf, [2.8.2].

¹¹⁵ Although Australia is not known for its design industry internationally, the government sees design rights as a central to the transition to a more innovative economy which is less dependent on traditional agricultural and mining exports. Recent reports from IP Australia, show that “Australia lags behind its global peers in the rate at which its designs workforce is growing, and in its rate of growth in design intellectual property (IP) generation”. See Falk et al. (2019), p. 5. Given the current interest by the government into reform of designs rights and growth of more innovative industries, there will be continued debate as to how to reach optimal outcomes while navigating a suite of domestic rights, problems with cumulation and obligations internationally. Socio-cultural differences between Europe and Australia, are also relevant and discussed at [4.5].

particularly under a bifurcated model which delays the need to pay for certification review – serves as a shield rather than a sword. The ownership of a registered design would assist in asserting a designer’s rights via issuance of cease-and-desist letters. In the alternative, the presence of design rights may be a warning to the market that the designer is prepared to protect their registered design rights. Further, in the case of larger companies, having a registered design right or trade mark rights may increase the assets on the company balance sheet.

It is difficult to understand how designers think about their rights or why some designers choose to register designs under the Designs Act. Until recently, only anecdotal evidence was available as to the mindset of designers facing alleged copying. However, in 2020, IP Australia released their findings of a 12-month holistic and economic review of the overall designs system. These findings provide additional information relevant to the thesis of this article.

4.4 Survey of the Australian Designs Eco-System

As discussed earlier, in recent years there have been questions over the efficacy of the Australian designs system and “whether it is meeting its original policy objectives”.¹¹⁶ The Australian government has been progressing a series of designs reforms and in April 2019, IP Australia began a “12-month phase of exploratory research into Australia’s design ecosystem” to build “a body of evidence to inform what changes may be needed to realise greater benefits to the Australian economy”.¹¹⁷ Four research reports were released including a “Protecting Designs” report which included a survey of designers for their views on enforcement (The IP Australia survey).¹¹⁸

The IP Australia survey reported findings from design-focussed businesses and included responses from 140 industry respondents and 114 design and patent applicants.¹¹⁹ The respondents were drawn from all types of design industries and not just those focussed on fashion. The survey showed there was a low rate of uptake of formal or informal design protection methods, with 47% of industry respondents indicating they did not typically seek any form of design protection.¹²⁰ Moreover, of those respondents who became aware of copying – 34% of industry respondents and 23% of applicant respondents had taken no action to enforce their rights.¹²¹ This was primarily due to the high cost of enforcement,¹²² but also due to the perception that the other party was intimidating (due to its relative size) or that copying would be too difficult to prove.¹²³ Janssens and Lavanga found a similar “fatalistic view among emerging designers” in the UK.¹²⁴

¹¹⁶ <https://www.ipaustralia.gov.au/designs/design-initiatives> (accessed 17 August 2020).

¹¹⁷ <https://www.ipaustralia.gov.au/beta/designs-review/Research> (accessed 17 August 2020).

¹¹⁸ IP Australia (2020d) “Protecting Designs”.

¹¹⁹ *Ibid.*

¹²⁰ *Ibid.*, p. 4.

¹²¹ *Ibid.*, p. 5.

¹²² *Ibid.*, p. 5.

¹²³ *Ibid.*, p. 14.

¹²⁴ Janssens and Lavanga (2020), p. 245

IP Australia found that the most frequent action against a copyist was sending a letter to the other party (52% of industry respondents and 42% of applicants) with litigation the least frequent course of action for both types of respondents.¹²⁵ The next most popular course of action was seeking legal advice (43% of industry respondents compared with 28% of applicants) and using social media to expose the copying (24% of industry respondents compared with 11% of applicants).¹²⁶ The survey respondents collectively reported that “the most common response to any action they attempted was no response from the other party” and “fewer than one in five reported that their actions had resulted in the other party permanently stopping copying.”¹²⁷

Therefore, while the empirical analysis presented above indicates that court-based enforcement of fashion rights is highly favourable to IP rights holders, it can be inferred from the IP Australia study that there would be many designers, and therefore fashion designers, who operate without any form of IP protection. For those that become aware of copying, many may not pursue the copier due to costs of enforcement, and those that pursue letters of demand or informal channels find that the alleged copier ignores them and does not stop. IP Australia reported that many designers hold the view that “the success of taking action may depend more on the size and power difference between the parties than on the strength of any legal right”.¹²⁸

If we assume that the issues reported in the IP Australia survey reflect the issues faced by Australian fashion designers, it is not access to legal causes of action that prevent designers from pursuing copyists. Indeed, the analysis presented in this article has illustrated that fashion IP rights holders find favour in Australian courts more than 70% of the time. Instead, the true barrier for designers faced with an alleged copyist relate to costs, a fear of larger, well-resourced players, and a sense that pursuit would be futile. The introduction of additional rights such as a UDR or a tort of unfair competition as advocated by authors such as Atkinson and van Caenegem¹²⁹ will have little to no impact on designers or infringers in this type of ecosystem. Indeed, in addition to the doctrinal difficulties of introducing these unregistered rights-based laws into Australia (including issues of overlap), these causes of action toll a high evidentiary cost on plaintiffs.¹³⁰

4.5 Critical Differences Between Europe and Australia

Some critics of Australian law have claimed that without additional rights to protect fashion designers, the public will be denied “the welfare derived from dynamic competition and substitution”.¹³¹ However, this argument overlooks the fact that

¹²⁵ *Ibid.*, p. 15.

¹²⁶ *Ibid.*, p. 15.

¹²⁷ *Ibid.*, p. 15.

¹²⁸ *Ibid.*, p. 15 discussing IP Australia (2020b) “Talking Design”.

¹²⁹ Ciani et al. (2019), p. 1108; Atkinson and van Caenegem (2019), p. 215; van Caenegem and Atkinson (2015), p. 150; Atkinson and van Caenegem (2019), p. 216.

¹³⁰ Ricketson (1984), p. 5. *See also* ACIP (2015) *supra* note 20 p. 360.

¹³¹ Atkinson and van Caenegem (2019), p. 215.

Australia is, (as highlighted by a 2016 Australian Productivity Commission report), a “net importer of IP and the gap between IP imports and exports is growing rapidly”.¹³² As a result, the Productivity Commission has warned that stronger IP rights can create costs to the Australian community by inhibiting Australian businesses from offering similar looking (but not infringing) products.¹³³ In other words, a level of benign copying is sanctioned in Australia due to the prospect of a net economic benefit.¹³⁴

In addition, from a social and cultural perspective, Australians appear to be more accepting of fake or replica designed goods than consumers in other developed nations.¹³⁵ In the IP Australia survey, industry respondents reported “that consumers and other businesses in Australia do not sufficiently value original design or appreciate the impacts (financial and otherwise) of copying on designers, particularly in fashion and furniture.”¹³⁶ In a parallel analysis of traditional and social media, IP Australia found that in relation to fashion and furniture design, public sentiment in support of Australian designers “shifted as price gaps between products increased”.¹³⁷ It subsequently concluded that “[T]he design industries’ concerns about copying do not appear to have permeated into the broader public conversation, at least in traditional media and social media channels.”¹³⁸ Again, in this socio-cultural environment, the existence of additional laws will not change Australian consumer sentiment, which appears to have a strong tolerance for look-alike goods, particularly where there is a substantial price difference between the original and replica.

5 Conclusion

This article has demonstrated that contrary to some critics, court enforcement of IP rights for fashion designers is strong in Australia, with win rates of over 70% for counterfeit and non-counterfeit copying cases. On this basis, it is unnecessary to introduce additional causes of action such as a UDR or a tort of unfair competition. In addition, arguments to introduce such laws overlook the unique features of the

¹³² Productivity Commission (2016) *supra* note 21 p. 98 (“IP rights are not the only way to secure property or to ensure a return from ideas. Alternatives (including trade secrets, complexity of design and common law agreements) exist and are frequently used by Australian businesses. And, in some cases, competitive markets alone mean a ‘first-mover advantage’ may be sufficient to provide an incentive to innovate without further intervention.”).

¹³³ *Ibid* p, 334.

¹³⁴ Contrast this Australian regulatory norm with the social norms discussed in La Diega’s (2019) qualitative study of fashion designers in Europe. In that study the author observed that social norms condoning benign copying continued to “thrive even in a context of increased [European] IP protection”. La Diega argued that social norms could explain Raustiala and Sprigman’s (2006) piracy paradox (where imitation benefits innovation).

¹³⁵ Golder and Jones (2009) p. 108 discussing a 2005 AC Nielsen Survey and arguing (“In Australia, at least it seems that we are willing to fake it.”).

¹³⁶ IP Australia (2020d) “Protecting Designs” p. 16.

¹³⁷ *Ibid*, p. 17.

¹³⁸ *Ibid*.

Australian designs eco-system, where the absence of a cause of action is not the reason why designers abstain from pursuing actions against copyists.

This is not to say that Australia is not concerned for the domestic design industry. To the contrary, the Australian government has invested considerable resources to review the designs system. IP Australia has stressed the “need for Australia to accelerate the growth of its design economy if Australia wants to transition to a more innovative economy that leverages the value of design in its products.”¹³⁹ The solution however, is likely to be found through a longer term cultural change involving both consumers and designers, rather than through the wholesale transplant of a foreign doctrine.

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¹³⁹ Falk et al. (2019), p. 22. See also, IP Australia (2020c) “Valuing Designs”.

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