

HIGH COURT OF AUSTRALIA

GLEESON CJ
GUMMOW, KIRBY, HEYDON AND CRENNAN JJ

BRENT BURGE & ORS

APPELLANTS

AND

JOHN HARLEY SWARBRICK

RESPONDENT

Burge v Swarbrick
[2007] HCA 17
26 April 2007
P24/2006

ORDER

1. *Appeal allowed with costs.*
2. *Set aside the orders of the Full Court of the Federal Court of Australia and in their place order that:*
 - (a) *the appeal to that Court be allowed with costs; and*
 - (b) *the orders made by Carr J on 24 June 2004 be set aside and in their place order that:*
 - (i) *the respondent's application to the Federal Court be dismissed; and*
 - (ii) *all questions respecting the cross-claims be stood over for determination by a judge of the Federal Court in conformity with the reasons of this Court; and*
 - (iii) *the respondent pay the costs of the appellants of the proceedings before Carr J up to 7 July 2004, including any reserved costs and the costs of the two motions notice of which was filed on 12 September 2003 and 3 October 2003.*

On appeal from the Federal Court of Australia

Representation

J J J Garnsey QC with R J L McCormack for the appellants (instructed by Stables Scott)

D M Stone with T J Carmady for the respondent (instructed by Williams & Hughes)

Notice: This copy of the Court's Reasons for Judgment is subject to formal revision prior to publication in the Commonwealth Law Reports.

CATCHWORDS

Burge v Swarbrick

Copyright – Artistic works – Works of artistic craftsmanship – The respondent obtained an injunction against infringement by the appellants of the respondent's ownership of copyright in works constituted by a "plug" from which a mould for a yacht hull could be derived, and in the hull and deck mouldings of that yacht – Whether works protected by copyright or should have been protected, if at all, under the designs registration law.

Copyright – Artistic works – Works of artistic craftsmanship – Whether "work of artistic craftsmanship" is a composite phrase to be construed as a whole – Relevance of aesthetic appeal to the existence of a work of artistic craftsmanship – Relevance of machine production to the existence of a work of artistic craftsmanship – Relevance of functional or utilitarian constraints to the existence of a work of artistic craftsmanship – Whether the "plug" and mouldings constituted works of artistic craftsmanship.

Copyright – Anti-overlap provisions – Interaction between the statutory protection of copyright and designs – Absence of registered "corresponding design" – Exclusion of copyright protection in the three-dimensional reproduction of artistic works, other than works of artistic craftsmanship, where the "corresponding design" has been "applied industrially" – Whether the "plug" and mouldings were protected by copyright.

Intellectual property – Anti-overlap provisions – Interaction between statutory protection of copyright and designs – Position of works of artistic craftsmanship in the statutory scheme – Meaning of "corresponding design".

Words and phrases – "applied industrially", "artistic work", "corresponding design", "work of artistic craftsmanship".

Copyright Act 1911 (Imp), ss 4, 22(1).

Copyright Act 1912 (Cth), ss 4, 8.

Copyright Act 1968 (Cth), ss 10, 21(3), 31(1)(b)(i), 36(1), 74, 77.

Copyright Amendment Act 1989 (Cth).

Copyright Regulations 1969 (Cth).

Designs Act 1906 (Cth).

Designs Act 2003 (Cth).

1 GLEESON CJ, GUMMOW, KIRBY, HEYDON AND CRENNAN JJ. The respondent, Mr J H Swarbrick, is a naval architect who has designed numerous yachts. He controls Swarbrick Yachts International Pty Ltd ("Swarbrick Yachts") which manufactures a yacht marketed as the "JS 9000" in Australia, Europe, the United States and elsewhere. The first JS 9000 to be built was named *Bateau Rouge*. At the time of the institution of the present copyright infringement litigation against the appellants in 2003, 32 of the JS 9000 yachts had been constructed. Twenty of these had been delivered to customers and the prices ranged from \$A50,000 to \$A65,000.

2 The litigation turns upon the construction and application of provisions of the *Copyright Act* 1968 (Cth) ("the Copyright Act"), particularly the phrase "a work of artistic craftsmanship" which appears in the definition of "artistic work" in s 10 and in s 77(1). The reference to the Copyright Act is to that statute in its form before amendment after the institution of this litigation by the *Designs (Consequential Amendments) Act* 2003 (Cth) ("the 2003 Act")¹.

The marketing of the JS 9000

3 The evidence tendered by Mr Swarbrick included journal articles promoting the advantages of the JS 9000 as, for example, "this remarkable 30 footer from down under". These articles appeared in yachting magazines published in the United States and the United Kingdom. Their content sets the stage for the issues which arise on the appeal, particularly the indicia of "a work of artistic craftsmanship" and their application to the JS 9000.

4 In the United States publication, *Sailing World*, the following appeared in an article headed "**Three New Inexpensive Imports**":

"JS 9000

List the characteristics you want in a sportboat – in addition to speed – and that's what Swarbrick Yachts promises with the JS 9000:

1 Section 2(1) of the 2003 Act provided that Sched 1, amending the Copyright Act, was to commence immediately after the commencement of s 4 of the *Designs Act* 2003 (Cth) ("the New Designs Act"), namely, 17 June 2004. Schedule 1, Item 18 of the 2003 Act made detailed provision for the application of the amendments to the Copyright Act. The result is that amendments to s 10 and s 77 have no bearing on this appeal.

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lifting keel for trailering, easy to singlehand or race with a crew of three or four, self-tacking non-overlapping jib, asymmetric chute tacked to the bow, no backstay, and good stability. Add to that the pedigree of designer John Swarbrick, the brains behind the 12-Meters *Kookaburra I* and *II* and Chris Dickson's Whitbread 60 *Tokio*, and it's easy to get excited about a \$26,500 speedster that comes fully rigged with Spectra running rigging, die-form standing rigging, aluminium mast and boom, and Dacron mainsail and jib."

The United Kingdom publication, *Yachts and Yachting*, contained an article by Ms Gael Pawson recounting an interview she had conducted with Mr Swarbrick when she inspected a JS 9000 at Lake Zurich. She reported Mr Swarbrick as saying:

"We wanted to design an offshore racing yacht that was spectacularly fast yet easily controlled by only two or three crew members without having to rely on crew strength, agility or weight."

In cross-examination, Mr Swarbrick said that he had had a conversation with Ms Pawson, and could have made that statement, but did not now remember making it. Earlier in his cross-examination, he said that he had designed America's Cup and Whitbread boats and that it was "pretty hard for me to design a slow boat".

5 Another United Kingdom publication, *Yachting Monthly*, contains an article which, in his oral evidence, Mr Swarbrick suggested was written largely by the United Kingdom agent of Swarbrick Yachts. The article states that Mr Swarbrick had wanted "a spectacularly fast boat for himself that could be sailed easily with two or three people, without having to rely on crew strength, agility or weight". The article also contains a photograph of the JS 9000 with the caption, "The JS is a picture of elegance on the water".

6 A business plan for Swarbrick Yachts dated April 2003, under the heading "Concept" stated:

"The JS 9000 is a unique high performance racing yacht with the following characteristics:

- absolute simplicity in fitout
- economical building costs
- easily sailable by just a crew of two

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- exceptionally fast
- easily transportable in the security of Shipping containers for export

The original construction was on a part-time basis, but as the sales of yachts increased it became clear to the Directors that the JS 9000 project was extremely viable and can successfully fill a void in the burgeoning international sportsboat market place

...

All yachts produced by [Swarbrick Yachts] are protected by T[r]ademark and copyright laws of the state of Western Australia, and the Commonwealth of Australia."

The scope of intellectual property law

- 7 Mr Swarbrick owned several books on copyright law, patent law and design law; he said in his evidence that he believed that copyright in drawings used in the design of his yachts "extends to the three-dimensional object", but had noted that "there are exemptions to it".
- 8 Here is to be found the genesis of the issues of intellectual property law upon which the present appeal turns. The appeal cannot be resolved by recourse to any general proposition that what is worth copying is worth protecting². The design and construction of yachts and other wind-propelled articles, such as sailboards, may attract the protection of intellectual property law in various ways.
- 9 The *Windsurfing* litigation³ concerned patent law. There is no patent involved in this case. For much of its history, the *Designs Act* 1906 (Cth) ("the Designs Act")⁴ provided a definition:

2 See *Network Ten Pty Ltd v TCN Channel Nine Pty Ltd* (2004) 218 CLR 273 at 281-282 [14]-[15].

3 *Windsurfing International Inc v Tabur Marine (Great Britain) Ltd* [1985] RPC 59; *Windsurfing International Inc v Petit* [1984] 2 NSWLR 196.

4 After the institution of this litigation that statute was repealed and replaced, with effect from 17 June 2004, by the New Designs Act.

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"Design' means an industrial design applicable, in any way or by any means, to the purpose of the ornamentation, or pattern, or shape, or configuration, of an article, or to any two or more of those purposes".

Various decisions have held that a definition in these terms is concerned with matters of appearance rather than of function⁵ and this distinction was thought to mark off design law from patent law. The present case concerns the distinction which, at the other end of the scale, marks off copyright law from design law.

10 It should be noted immediately that whilst title to a design derives from statutory registration, and a publicly accessible register, there is no registration system for copyright. Further, copyright subsists for a much longer period than the maximum period of protection under the Designs Act of 16 years from the priority date⁶, now reduced to a maximum of 10 years protection from the filing date under the New Designs Act. In cases of possible dual protection, the legislative policy manifested since 1911 in the United Kingdom and then in Australia has been to encourage design registration⁷ and to limit or remove copyright protection for artistic works which are applied to industrial products. But, as these reasons will seek to explain, the means adopted to that end have varied and successive legislative schemes have sought to overcome the shortcomings of their predecessors.

11 The evidence includes numerous examples of registrations by other parties under the Designs Act in respect of the shape or configuration of vessel hulls. The international design classification, used by Design Offices in many countries, including Australia, identifies "Ships and Boats" as Class 12-06.

12 Mr Swarbrick does not rely upon any design registration; it is the absence of any utilisation of the protection offered by registration under the Designs Act that is critical for this appeal. Rather, as noted above, Mr Swarbrick founds his claim for intellectual property protection upon the Copyright Act and its provisions respecting that species of original "artistic work" which comprises "a work of artistic craftsmanship". In the absence of a design registration, s 77 of the Copyright Act permits reliance by Mr Swarbrick only on those copyrights he

5 These are collected in *Hosokawa Micron International Inc v Fortune* (1990) 26 FCR 393 at 417-421.

6 See Ricketson, *The Law of Intellectual Property*, (1984) at 485.

7 *Hosokawa Micron International Inc v Fortune* (1990) 26 FCR 393 at 422.

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may have in works of "artistic craftsmanship". The ultimate issue is whether the JS 9000 embodies "a work of artistic craftsmanship" in the statutory sense. If so, Mr Swarbrick may pursue his claim of copyright infringement and the absence of a design registration is no answer to his action for copyright infringement. The appellants in this Court challenge Mr Swarbrick's success to date on this issue. For the reasons which follow, the appeal should be allowed.

The litigation

13 In June 2003, the first appellant, Mr B J Burge, was engaged by the fourth appellant, Boldgold Investments Pty Ltd ("Boldgold") as operations manager of its factory premises. He had the task of overseeing work on the hull and deck of a JS 9000 yacht using a hull and deck moulding which Boldgold had acquired from the second appellant, Mr T Rogers, for the sum of \$7,500. Mr Rogers and the third appellant, Mr B Warren, were also engaged by Boldgold to work at its factory; they had been employed by Swarbrick Yachts previously in the moulding of hulls and decks. Late in 2002, Mr Swarbrick had given to Mr Rogers the hull and deck moulding which he later sold to Boldgold. The circumstances in which Mr Swarbrick had given the moulding to Mr Rogers were disputed and that dispute has not been resolved. The fifth and sixth appellants, Mr G P Bosman and Mr S E Zaza, are directors of Boldgold.

14 Work at the Boldgold factory ceased on 13 September 2003, upon the service of an ex parte interlocutory injunction granted by the Federal Court (Carr J) on the previous day upon the application of Mr Swarbrick. The injunction, modified after an interlocutory hearing inter partes before Carr J⁸, still remains in force until further order. Relevantly, the appellants are enjoined from reproducing or authorising the reproduction in a material form of the object identified as "the Plug" and from manufacturing or procuring the manufacture of any mould using the JS 9000 hull and deck mouldings. The Plug was identified by Carr J as a hand-crafted full scale model of the hull and deck sections of what became the finished yacht and is visually identical to the hull and deck of a finished JS 9000. The hull and deck mouldings were produced from moulds taken by Mr Swarbrick separately of the hull and deck sections, the moulds themselves being exact, although inverted, copies of the Plug.

8 See *Swarbrick v Burge* (2003) 59 IPR 129.

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15 The Plug was destroyed. But Mr Swarbrick asserts an incorporeal right, namely that given by the copyright law, whose continued subsistence does not depend upon the fate of its first material embodiment⁹.

16 It is important to note several fundamental provisions of Pt III of the Copyright Act which deals with copyright in original works. Copyright in the case of an original artistic work includes the exclusive right to reproduce it in a material form (s 31(1)(b)(i)). An artistic work is deemed by s 21(3) to have been reproduced, in the case of a work in a two-dimensional form, if a version is produced in a three-dimensional form, and vice versa. It is an infringement to do or authorise the doing in Australia of any act comprised in the copyright (s 36(1)) and thus indirect copying may infringe.

17 The re-amended defences dated 28 January 2004 filed on behalf of each of the present appellants included the assertion that the Plug, and hull and deck mouldings of the JS 9000, embody designs which when applied to an article result in a reproduction of an artistic work, and so are "corresponding designs" within the meaning of that phrase in s 74 of the Copyright Act. The term "design" in s 74 picks up the definition in the Designs Act¹⁰. The result is said to be that, in the absence of registrations under the Designs Act, s 77 of the Copyright Act applies and there is no copyright infringement by the appellants.

18 On 6 November 2003, by consent, Carr J ordered that questions of liability for infringement be heard and determined separately and that this hearing be expedited. Other matters remained outstanding, particularly certain cross-claims including those brought by Mr Burge and Mr Warren against Mr Swarbrick for defamation. In his detailed reasons delivered following a seven day hearing, Carr J rejected the defence based upon s 77 of the Copyright Act¹¹. He granted declaratory relief to the effect that Boldgold had infringed the copyright of Mr Swarbrick in the Plug, the hull mould and the hull moulding, being artistic

9 See *Pacific Film Laboratories Pty Ltd v Federal Commissioner of Taxation* (1970) 121 CLR 154 at 167-170; *Moorhouse v Angus & Robertson (No 1) Pty Ltd* [1980] FSR 231 at 236; *George Hensher Ltd v Restawile Upholstery (Lancs) Ltd* [1976] AC 64 at 77, 79-80, 83, 96; *Kevlacat Pty Ltd v Trailcraft Marine Pty Ltd* (1987) 79 ALR 534 at 543.

10 *Muscat v Le* (2003) 204 ALR 335 at 349.

11 *Swarbrick v Burge* (2004) 138 FCR 353 at 368-372.

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works, and had engaged in conduct which, but for the grant of interlocutory relief, would have resulted in infringement of Mr Swarbrick's copyright in artistic works being the deck mould and deck moulding. An appeal to the Full Court (Moore, North and Emmett JJ) by the present appellants in this Court was unsuccessful¹².

19 At first instance and in the Full Court, some attention was given to the significance of drawings by Mr Swarbrick, free drawn and computer digitised, which were made and utilised at various stages in the design of the Plug and the finished item, the *Bateau Rouge*. However, the effect of Mr Swarbrick's evidence, as his counsel saw it, was that the creative design effort had been in the fashioning of the Plug. In the course of submissions for Mr Swarbrick in this Court, counsel accepted that the only relevant artistic works which could be works of "artistic craftsmanship" were the Plug and the final hull and deck mouldings for the *Bateau Rouge* and that no wider injunctive relief under the Copyright Act could be maintained. With that in mind, it is convenient now to consider the central importance of this species of artistic work for the operation of the copyright legislation in this case.

20 The statutory expression "artistic craftsmanship" has a double significance for this case. The first is as a species of "artistic work" whose appearance in copyright legislation almost a century ago marked a significant step in the development of the nature and scope of the subject-matter for copyright protection under the rubric of "artistic work". The second involves the use in the Australian statute law of "artistic craftsmanship" for a more recent and quite different purpose. This is to supply the discri-men to mark off the "overlap" between copyright and registered designs law. Both matters call for an understanding of the course taken over more than a century by the statute law in the United Kingdom and then in Australia. We turn first to the matter of "overlap".

Copyright and design "overlap" and the 1911 Act

21 The Second Schedule to the *Copyright Act* 1911 (Imp) ("the 1911 Act") repealed no fewer than 21 statutes, beginning with *The Engraving Copyright Act* 1734 (UK) ("the 1734 Act")¹³, including the *Sculpture Copyright Act* 1814 (UK)

12 *Burge v Swarbrick* (2005) 149 FCR 193.

13 8 Geo II c 13.

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("the 1814 Act")¹⁴, and ending with *The Musical Copyright Act* 1906 (UK). The 1911 Act provided comprehensively for copyright in published and unpublished works¹⁵. It was brought into force in Australia by s 8 of the *Copyright Act* 1912 (Cth) ("the 1912 Act"). Until the commencement of the Australian legislation passed in 1968, the 1911 Act remained in force as Imperial law¹⁶, with adjustments made by the 1912 Act, and notwithstanding the enactment of the *Copyright Act* 1956 (UK) ("the 1956 UK Act")¹⁷.

22 Something more should be said respecting the earlier Australian legislation. Section 4 of the 1912 Act repealed the *Copyright Act* 1905 (Cth) ("the 1905 Act"). This had largely superseded the future application of State laws on the subject (s 8)¹⁸. The 1905 Act was an anticipation in Australia of the Imperial statute, the 1911 Act. The 1905 Act drew¹⁹ upon the recommendations of a British Royal Commission²⁰ which had reported in 1878²¹; it had recommended the consolidation of the copyright law in the one statute²². That proposal did not bear fruit in the United Kingdom until the 1911 Act.

14 54 Geo III c 56.

15 Section 31 acknowledged the jurisdiction to restrain breaches of trust or confidence, but otherwise abrogated common law rights in unpublished works.

16 *Gramophone Co Ltd v Leo Feist Incorporated* (1928) 41 CLR 1.

17 *Copyright Owners Reproduction Society Ltd v EMI (Australia) Pty Ltd* (1958) 100 CLR 597.

18 As to the colonial and State legislation, see *Interlego AG v Croner Trading Pty Ltd* (1992) 39 FCR 348 at 359-363; Burrell, "Copyright Reform in the Early Twentieth Century: The View from Australia", (2006) 27 *The Journal of Legal History* 239 at 242-243.

19 Australia, Senate, Parliamentary Debates (*Hansard*), 24 August 1905 at 1429-1430.

20 Royal Commission on Laws and Regulations relating to Home, Colonial, and International Copyrights.

21 Report of the Commissioners, (1878) [C 2036].

22 *Copinger and Skone James on Copyright*, 15th ed (2005), vol 1, §2-25.

23 The law with respect to designs also had a lengthy legislative history in the United Kingdom²³, and in the Australian colonies²⁴. The Designs Act came into force on 1 January 1907, the same day as the first federal copyright statute, the 1905 Act. Neither statute had any provision dealing with any "overlap" between them. Why was this so?

24 One explanation lies in what was then understood to be the position which had then been reached in the United Kingdom legislation. Designs for sculptures within the protection of the 1814 Act were excluded from the definition of "design" in s 60 of the *Patents, Designs, and Trade Marks Act 1883* (UK)²⁵ and thereafter in s 93 of the *Patents and Designs Act 1907* (UK) ("the 1907 UK Act")²⁶. Copyright in drawings and other such two-dimensional works was generally treated as restricted to two-dimensional reproduction for a purpose and in a medium *sui generis* with the form of the work²⁷; further, whilst registration was not required by the 1814 Act for copyright protection for sculpture, in other respects before the 1911 Act registration was a precondition to the bringing of an action for copyright infringement²⁸.

25 Another explanation may have been the view that any overlapping should be tolerated, to the resultant advantage of copyright and design owners. That was the attitude taken in the United Kingdom in the *Report of the Committee on the Law of Copyright* ("the Gorell Committee")²⁹ which reported in 1909 to the

23 See *Polyaire Pty Ltd v K-Aire Pty Ltd* (2005) 221 CLR 287 at 294-295 [12]-[16]; *Hosokawa Micron International Inc v Fortune* (1990) 26 FCR 393 at 398-399, 416-422; *Interlego AG v Croner Trading Pty Ltd* (1992) 39 FCR 348 at 358-359; Sherman and Bently, *The Making of Modern Intellectual Property Law*, (1999) at 63-94.

24 The statutes are collected in *Interlego AG v Croner Trading Pty Ltd* (1992) 39 FCR 348 at 359.

25 46 & 47 Vict c 57.

26 See *Interlego AG v Croner Trading Pty Ltd* (1992) 39 FCR 348 at 356-357.

27 Russell-Clarke, *Copyright in Industrial Designs*, 3rd ed (1960) at 87-88.

28 *Interlego AG v Croner Trading Pty Ltd* (1992) 39 FCR 348 at 358; Sherman and Bently, *The Making of Modern Intellectual Property Law*, (1999) at 164.

29 [Cd 4976] at 10, par 4.

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President of the Board of Trade³⁰. But that was not the policy adopted in the 1911 Act.

26 The question of "overlapping" became critical for the new legislative scheme. The 1911 Act required no formalities such as registration of copyrights and adopted a lengthy period of protection, generally, for published works, the life of the author plus 50 years. The 1911 Act also (s 1(2)) so defined the copyright monopoly in terms to include the reproduction of the work or of a substantial part thereof "in any material form whatsoever", thereby encompassing three-dimensional reproductions of two-dimensional works. The fear of industrialists, which impressed the Board of Trade, was that "the grant of full copyright to designs intended to be multiplied by an industrial process would destroy the efficacy of the Patents and Designs Acts, which are regarded as valuable by the manufacturers which use designs (eg calico printers)"; as a result, the Board "decided to exclude such design[s] if registrable under the Patents and Designs Acts from the Bill [for the 1911 Act]"³¹.

27 The upshot was the provision made by s 22 of the 1911 Act. In particular, the awkwardly drafted s 22(1) stated:

"This Act shall not apply to designs capable of being registered under [the 1907 UK Act], except designs which, though capable of being so registered, are not used or intended to be used as models or patterns to be multiplied by any industrial process."

In *King Features Syndicate, Inc v O & M Kleeman, Ltd* ("the Popeye Case")³², Lord Maugham LC said that the sub-section would be easy to understand if, disregarding the double negative, it was read as having the form:

30 *Interlego AG v Croner Trading Pty Ltd* (1992) 39 FCR 348 at 363. In the United States, when construing the Copyright Act of 1909, the Supreme Court held that eligibility for design patent registration did not bar the enforcement of copyright for the relevant work of art (*Mazer v Stein* 347 US 201 at 216-217 (1954)) but both were registration systems.

31 Board of Trade document quoted in Sherman and Bently, *The Making of Modern Intellectual Property Law*, (1999) at 165, fn 23.

32 [1941] AC 417 at 427.

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"This Act shall apply to designs capable of being registered under [the 1907 UK Act], which are not used or intended to be used as models or patterns to be multiplied by any industrial process. With that exception this Act shall not apply to designs capable of being registered under [the 1907 UK Act]."

The effect of the decision in the *Popeye Case* was that the question of whether protection for a work under the 1911 Act was excluded by s 22 was to be decided once and for all when the work was made; unless at that date it could be said that the work was used or intended to be used as a model or pattern to be multiplied by industrial process, the work would enjoy protection for the full period under the 1911 Act notwithstanding that it afterwards was used for such a purpose. The effect was to keep copyright out of most "industrial territory", although not designs originally intended for a non-industrial activity such as comic-strip illustration³³.

28 In 1952, Pt X (§§227-263) of the *Report of the Copyright Committee* ("the Gregory Report")³⁴ dealt comprehensively with the subject of artistic copyright and industrial designs and the borderline between them. The Report noted (§230):

"[I]n general, before 1911, copyright in a drawing of a three-dimensional article would apparently only have been infringed by another drawing, while a registered design for the same article would only have been infringed under [the 1907 UK Act] by actually making the article. But since [the 1911 Act] came into force, with the reference in Section 1(2) to reproduction of a work in 'any material form whatsoever', the unauthorised reproduction of the article in three dimensions may be an infringement both of a registered design and of the artistic copyright."

29 The Committee referred to various criticisms of s 22(1) of the 1911 Act and of the consequences of the decision in the *Popeye Case*. They went on (§236):

"It does seem to us to be inequitable that, in certain circumstances dependent upon the original intention of the artist, industrial designs (such

33 Cornish and Llewelyn, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 5th ed (2003), §14-03.

34 [Cmd 8662].

as 'Pop-Eye' dolls and brooches) can have automatic protection for fifty years or more under [the 1911 Act] while most industrial designs are only protected for a maximum of fifteen years and then only if they are registered under [the 1907 UK Act]. Such a state of affairs, it has been pointed out to us, might encourage a manufacturer to seek for designs amongst artistic works already in copyright rather than to employ artists to create new designs. Further, according to the evidence before us, it encourages subterfuge on the part of the artist or others as to his original intention."

Subsequent "over-lapping" legislation

30 The sequel to the Gregory Report was the new provision made for overlapping in the 1956 UK Act and then in 1968 in the Australian legislation. The effect of s 10 of the 1956 UK Act was that, if a "corresponding design" was registered or if it was applied industrially without registration, subsisting artistic copyright, during 15 years, would not be protected against acts of infringement which were within the scope of the design; after 15 years, the copyright law would give no protection against infringement within the scope of the design as extended to associated designs and articles³⁵. The new provision made in the 1956 UK Act, rather than providing as had the 1911 Act that, in the circumstances stated, the copyright legislation was not to apply to certain works, provided that certain acts were not to constitute copyright infringement; a limit was thus placed upon acts constituting copyright infringement but without denying for other purposes the subsistence of the copyright.

31 In this respect, the 1956 UK Act was unsuccessful law reform. The situation to which it led is described in a leading British text in the following terms³⁶:

"The 1956 Act set out to eliminate dual protection by copyright as well as design registration on a different, highly complex basis. The essential feature of s 10 was that while copyright now subsisted in designs of all kinds, industrial application of them would not amount to infringement of the copyright if a registered right had been applied for, or if the copyright

35 *Copinger and Skone James on the Law of Copyright*, 9th ed (1958) at 79.

36 Cornish and Llewelyn, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 5th ed (2003), §14-04.

owner had used the design on industrially produced articles. In the regrettable decision of *Dorling v Honnor Marine*,³⁷ the Court of Appeal chose to distinguish between designs capable of registration which were subject to s 10, and designs which were not registrable (chiefly because they were functional) and so bore full-term artistic copyright even in respect of industrial products.³⁸

32 The upshot in the United Kingdom was the *Design Copyright Act* 1968 (UK) which in turn was regarded as unsatisfactory and was replaced by a new regime in the *Copyright, Designs and Patents Act* 1988 (UK) ("the 1988 UK Act")³⁹. It is unnecessary here to consider the operation of this system and its interaction with European Union requirements to produce what has been called a "variegated territory"⁴⁰. What is relevant for present purposes is the statement by Pumfrey J in *Mackie Designs Inc v Behringer Specialised Studio Equipment (UK) Ltd*⁴¹ that:

"[i]t was clearly the intention of the framers of [the 1988 UK Act] that copyright protection was no longer to be available to what can be compendiously described as ordinary functional commercial articles".

33 In Australia, the Report of the Copyright Law Review Committee ("the Spicer Committee")⁴² referred (§432) to the treatment by the Gregory Committee of the difficulties experienced in applying s 22 of the 1911 Act. Unable to foresee the complexities to which s 10 of the 1956 UK Act would give rise, the

37 [1965] Ch 1.

38 If the reason why a design was unregistrable was that it was not novel, this was eventually treated as not giving it full artistic copyright.

39 *Copinger and Skone James on Copyright*, 15th ed (2005), vol 1, §§13-19–13-29.

40 Cornish and Llewelyn, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 5th ed (2003), §14-09. See also Stokes, *Art and Copyright*, (2001) at 56-59.

41 [1999] RPC 717 at 723.

42 *Report of the Committee Appointed by the Attorney-General of the Commonwealth to Consider what Alterations are Desirable in the Copyright Law of the Commonwealth*, (1959).

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Spicer Committee recommended (§436) the enactment of provisions to the same effect as those in the 1956 UK Act. This was followed by the enactment in 1968 of the Copyright Act, Div 8 of Pt III of which (ss 74-77) was headed "*Industrial Designs*".

- 34 *Kevlacat Pty Ltd v Trailcraft Marine Pty Ltd*⁴³ was an unsuccessful attempt in the Federal Court to restrain the copying of a catamaran marketed as the "Kevlacat" and in respect of which there was no design registration. French J held that, even if copyright subsisted in drawings from which the prototype of the "Kevlacat" had been made, the production of the catamarans was an industrial application of the "corresponding design" and copyright protection was denied by s 77 of the Copyright Act⁴⁴.

The Copyright Act as amended in 1989

- 35 As was the case with s 10 of the 1956 UK Act, the Australian legislation proved unsatisfactory in various respects and was amended by the *Copyright Amendment Act* 1989 (Cth) ("the 1989 Act")⁴⁵.
- 36 It is the text of the 1989 Act which governs the outcome of the present appeal. The Explanatory Memorandum, circulated by authority of the Attorney-General, on the Bill for the 1989 Act stated⁴⁶:

"A number of problems have arisen in recent years over the interaction between [the Copyright Act] and [the Designs Act]. These problems have affected manufacturers and designers of a diverse range of

43 (1987) 79 ALR 534.

44 (1987) 79 ALR 534 at 547.

45 The Parliament later acted on advice that s 55 of the Constitution operated to invalidate the whole of the 1989 Act, in the light of the decision in *Australian Tape Manufacturers Association Ltd v The Commonwealth* (1993) 176 CLR 480, and, in consequence, the Parliament repealed and re-enacted the 1989 Act, by the *Copyright Amendment (Re-enactment) Act* 1993 (Cth): Australia, Senate, *Parliamentary Debates* (Hansard), 20 October 1993 at 2168-2169. But, in these reasons, it is convenient to continue to refer to the 1989 Act.

46 Copyright Amendment Bill 1988 (Cth), House of Representatives, Explanatory Memorandum at [16].

articles, as well as artists. In particular, the difficulties have related to the complex nature of the provisions and the extent to which industrial designs have been able to receive protection under [the Copyright Act]."

37 The Memorandum went on to state that the amendments proposed would "remove copyright protection for essentially 'industrial products', [and] eliminate the inequitable effects that arise from the interaction and the uncertainty in interpretation of the provisions [of the Copyright Act]"⁴⁷.

38 The 1989 Act changed Pt III, Div 8 of the Copyright Act in various respects. It introduced a new s 74 which defined the expression "corresponding design" as meaning, in relation to an artistic work:

"a design that, when applied to an article, results in a reproduction of that work, *but does not include a design consisting solely of features of two-dimensional pattern or ornament applicable to a surface of an article*".
(emphasis added)

39 In the Explanatory Memorandum, this new definition was said to help "remove the possibility of both copyright and design protection being available for commercial reproductions of artistic works in the three-dimensional category, but [leave] open the possibility for such dual protection for two-dimensional commercial reproductions of artistic works"⁴⁸. The present case does not concern any two-dimensional commercial reproduction of an artistic work, so that the definition of "corresponding design" is not displaced.

40 A new s 77 was introduced to set out the circumstances for the limitation of copyright protection resulting from the use of a corresponding but unregistered design. The scheme of the new s 77 was to deny copyright protection against three-dimensional reproduction where the "corresponding design", whether registrable or not under the Designs Act, had been "applied industrially" by or with the licence of the copyright owner (whether in Australia or elsewhere) and articles to which the design has been applied are sold, let for hire or offered or exposed for sale or hire (again whether in Australia or elsewhere). The term "applied industrially" was given content by regulations made under s 77(4). For

47 Copyright Amendment Bill 1988 (Cth), House of Representatives, Explanatory Memorandum at [17].

48 Copyright Amendment Bill 1988 (Cth), House of Representatives, Explanatory Memorandum at [19] (original emphasis).

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the purposes of s 77 of the Copyright Act, a design relevantly was taken to be applied industrially if applied to more than 50 articles⁴⁹. At the trial, Mr Swarbrick conceded that, if there were a "corresponding design", then it had been applied industrially.

41 Section 77(2) provided:

"It is not an infringement of the copyright in the artistic work to reproduce the work, on or after the day on which articles made to the corresponding design are first so sold, let for hire or offered or exposed for sale or hire, by applying that, or any other, corresponding design to an article."

However, this curtailment of the benefits of copyright ownership in artistic works did not apply where the corresponding design concerned was excluded from registration under the Designs Act by regulations made thereunder (s 77(3)). Nothing in this appeal turns upon that form of exclusion.

42 A further exception from the operation of the limitation imposed by s 77 was provided in par (a) of s 77(1) and it is this which is critical for the present appeal. The paragraph provides that s 77 may be engaged where copyright subsists in artistic work "other than a building or a model of a building, or a work of artistic craftsmanship". The reason for this special provision was stated tersely in the Explanatory Memorandum to be that "these articles are more appropriately protected under [the Copyright Act] whether industrially applied or not"⁵⁰. The effect of that special provision is that buildings or models of buildings or works of artistic craftsmanship retained copyright protection, but only if they were not registered as designs. This is not, speaking strictly, overlapping or dual protection.

43 Subsequently, in his reasons in *Coogi Australia Pty Ltd v Hysport International Pty Ltd*⁵¹, Drummond J observed of what was said in the Explanatory Memorandum:

49 Copyright Regulations (Amendment) 1990 No 301 (Cth), amending the Copyright Regulations 1969 (Cth). See *Press-Form Pty Ltd v Henderson's Ltd* (1993) 40 FCR 274 at 277-278.

50 Copyright Amendment Bill 1988 (Cth), House of Representatives, Explanatory Memorandum at [24].

51 (1998) 86 FCR 154 at 168.

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"What may justify the special status conferred on works of artistic craftsmanship by ss 74-77 is recognition that the real artistic quality that is an essential feature of such works and the desirability of encouraging real artistic effort directed to industrial design is sufficient to warrant the greater protection and the accompanying stifling effect on manufacturing development that long copyright gives, in contrast to relatively short design-protection."

44 The result of the 1989 Act is that, as the copyright legislation stood at the time relevant for this litigation, a criterion for the denial of protection against infringement of copyright in artistic works turned upon the expression "a work of artistic craftsmanship". Hence the defence under s 77 in this case that there was no copyright infringement because the Plug and the final hull and deck mouldings were not works of artistic craftsmanship. This then invites consideration of the part played since 1911 by the work of "artistic craftsmanship" as a species of artistic work under the Copyright Act. Attention should therefore now be given to this development in the law of copyright.

Artistic works and the place of works of "artistic craftsmanship"

45 Copyright in respect of artistic works developed in a piecemeal fashion. Reference has been made earlier in these reasons to the treatment of sculpture by the 1814 Act. Some provision was made with respect to engravings, beginning with the 1734 Act. Provision for paintings, drawings and photographs was made by the *Fine Arts Copyright Act* 1862 (Imp) ("the 1862 Act")⁵². The reference in the title to the 1862 Act to the fine arts was significant. Section 1 spoke of "every original Painting, Drawing and Photograph". The 1911 Act drew together, but went beyond, the earlier statute law. Section 35(1) of the 1911 Act included the definition:

"'Artistic work' includes works of painting, drawing, sculpture and *artistic craftsmanship, and architectural works of art* and engravings and photographs". (emphasis added)

52 25 & 26 Vict c 68. In the United States, the Copyright Act of 1870 included "models or designs intended to be perfected as works of the fine arts" but, even before the removal from the statute law of this "fine arts clause", the practice of the Copyright Office had been to allow registration in respect of articles which might also serve a useful purpose: *Mazer v Stein* 347 US 201 at 209-214 (1954).

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In Australia, the definition of "artistic work" in s 4 of the 1905 Act did not refer to works of "artistic craftsmanship"⁵³. Nor were works of architecture protected under the old law, save for architects' plans⁵⁴. The definition of "artistic work" in the 1911 Act thus went beyond the class of works treated as "fine arts" in the 1862 Act.

46 As matters stood in Australia at the time the present litigation commenced, s 10 of the Copyright Act contained the following definition:

"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 to which neither of the last two preceding paragraphs applies;

but does not include a circuit layout within the meaning of the *Circuit Layouts Act 1989* [(Cth)]." (emphasis added)

47 The expression in pars (a) and (b) "whether ... of artistic quality or not" has its provenance in the United Kingdom. The phrase "irrespective of artistic quality" is found in the definition of "artistic work" in s 3(1)(a) of the 1956 UK

53 It did include:

"any ... other work of art produced by any process, mechanical or otherwise, by which impressions or representations of works of art can be taken or multiplied".

54 *Copinger and Skone James on Copyright*, 15th ed (2005), vol 1, §3-60; cf *Concrete Pty Ltd v Parramatta Design & Developments Pty Ltd* (2006) 81 ALJR 352; 231 ALR 663.

Act⁵⁵. The genesis of the phrase "irrespective of artistic quality" in the 1956 UK Act was explained at the time as follows⁵⁶:

"It was generally considered under [the 1911 Act] that the word 'artistic' was merely used as a generic term to include the different processes of creating works set out in the definition section and that provided that a work was produced by one of such processes, and that its creation involved some skill or labour on the part of the artist, it was protected. The use of the word 'artistic' was thought to be akin to that of the word 'literary' which ... was held to refer only to the nature of the material being written or printed matter. In fact, under [the 1911 Act] merely commercial designs were protected. This matter is now clarified, as above mentioned."

48 In *Cuisenaire v Reed*⁵⁷, which turned upon the 1911 Act, Pape J said that the phrase "artistic work" was "a generic term or label"; this included subject-matters not necessarily possessing any element of artistic quality at all, and so had a wider meaning than the word "artistic" in the phrase "works of artistic craftsmanship". But the circumstance that a work falling within par (a) or par (b) of the definition of "artistic work" now found in the Australian legislation need not be of artistic quality does not deny that a particular work to which par (a) or par (b) applies may be of such quality. It will be necessary to return to this point later in these reasons.

49 This appeal immediately concerns the expression in par (c) of the definition of "artistic work" in s 10 of the Copyright Act "a work of artistic craftsmanship to which neither [par (a) nor par (b)] applies". Paragraph (c) of the definition in s 3(1) of the 1956 UK Act is in terms essentially indistinguishable from s 10 of the Copyright Act. The 1956 UK Act was enacted after the treatment of "artistic work" by the Gregory Committee. In Australia, the Spicer Committee (§72) had recommended a definition of "artistic work" which was in

55 Paragraph (a) of s 3(1) reads:

"the following, irrespective of artistic quality, namely paintings, sculptures, drawings, engravings and photographs".

56 *Copinger and Skone James on the Law of Copyright*, 9th ed (1958) at 65-66 (footnotes omitted).

57 [1963] VR 719 at 727.

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conformity with that in the 1956 UK Act. The Report of the Gregory Committee stated (§260):

"It is clear that some protection of this kind is required to cover works of art other than such things as works of painting, drawing and sculpture, which are mentioned by name. We are here concerned not with articles manufactured under conditions of ordinary industrial production (artistically meritorious as many of these are) which can secure their own appropriate protection under [the *Registered Designs Act* 1949 (UK)], but with the works of craftsmen working in many media (silversmiths, potters, woodworkers, hand-embroiderers and many others) in circumstances for which that Act does not provide appropriate protection. We do not think it will be questioned that original works of the kind we have in mind are fully entitled to protection and but for [the 1911 Act] this would be lacking. We believe that copyright provides the proper basis for protecting these works and to ensure this protection we believe that it is necessary to retain the term 'works of artistic craftsmanship' in the Act."

The Gregory Committee went on to eschew any attempt at a further definition of the term "works of artistic craftsmanship"⁵⁸. However, its reference to the inadequate protection given by the designs law to the work of craftsmen working in many media anticipated the statement by Drummond J in *Coogi*⁵⁹, set out above, emphasising, for the purposes of the 1989 Act, the desirability of encouraging "real artistic effort" in the field of industrial design.

The significance of the 1989 Act

50 In its form after the changes made by the 1989 Act, the Copyright Act employed the expression "a work of artistic craftsmanship", both as a criterion to mark out the nature, duration and ownership of copyright in artistic works (Pt III, Div 1, ss 31-35) and to differentiate the protection given where artistic works were applied as industrial designs without a design registration (Pt III, Div 8,

58 The phrase "works of artistic craftsmanship" was not defined in either the 1911 Act or the 1956 UK Act. By the time of debate on the *Copyright Act* 1988 (UK), it was suggested that no satisfactory definition of the phrase could be given in the statute: United Kingdom, House of Lords, *Parliamentary Debates* (Hansard), 30 November 1987 at 847-848.

59 (1998) 86 FCR 154 at 168.

ss 74-77A). The statute in this amended form is to be considered with respect to subsequent events as a coherent whole. The phrase "a work of artistic craftsmanship" should be read consistently. There has been debate as to the extent to which a statute in its unamended form may be construed with respect to past events by reference to amendments⁶⁰. But however that may be, the phrase "a work of artistic craftsmanship" was introduced by the 1989 Act into the "overlap" provisions of Pt III, Div 8 of the Copyright Act upon a particular legislative view of the purpose it would serve. That view, as Drummond J indicated in *Coogi*⁶¹, was the encouragement of "real artistic effort" in industrial design.

51 Several consequences for this appeal follow from this state of affairs. First, as the facts of this case demonstrate, encouragement of "real artistic effort" to industrial design may be constrained by the nature of the functional purposes to be served by the object to which industrial design is applied and by the marketing imperatives for mass production. The evidence of the marketing of the JS 9000 class of racing yacht, described in the first part of these reasons, is illustrative of these constraints. It is these constraints which make it difficult to support the Plug as "a work of artistic craftsmanship".

52 Secondly, the need after the 1989 Act to read consistently throughout the Copyright Act the phrase "a work of artistic craftsmanship"⁶² entails caution, lest too little weight be given to the need for a real or substantial artistic element in what is posited for any purpose of the Copyright Act as "a work of artistic craftsmanship".

53 Thirdly, the 1989 Act places some check upon entire acceptance of what had been said earlier with respect to the 1956 UK Act in the most significant judicial treatment of the scope and purpose of the special treatment given the phrase "a work of artistic craftsmanship". This was the speech of Lord Simon of

60 *Commissioner of State Revenue (Vict) v Pioneer Concrete (Vic) Pty Ltd* (2002) 209 CLR 651 at 669 [51]-[52], 670 [54].

61 (1998) 86 FCR 154 at 168.

62 *Commissioner of Stamps (SA) v Telegraph Investment Co Pty Ltd* (1995) 184 CLR 453 at 463, 479.

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Glaidsdale in *George Hensher Ltd v Restawile Upholstery (Lancs) Ltd*⁶³. We now turn to what was said by Lord Simon.

Hensher

54 The plaintiff in *Hensher*, successfully before Graham J⁶⁴ but unsuccessfully in the Court of Appeal⁶⁵ and in the House of Lords, asserted infringement of copyright in artistic works, being the chairs which were components of a suite of furniture marketed as the *Bronx*⁶⁶. The artistic copyright relied upon was that in respect of works of "artistic craftsmanship" as provided in the 1956 UK Act. There were no design registrations relied upon and the issue was a threshold one of whether, in any event, copyright subsisted in respect of any original artistic work.

55 Several points should be made respecting the *Hensher* litigation. First, the consideration in various of the speeches in the House of Lords of the purpose and scope of the term "artistic craftsmanship" was skewed by a concession. The concession was that there was no dispute that the prototype from which the *Bronx* suite was constructed in 1966 and mass produced was "a work of craftsmanship"; the only issue being whether the "craftsmanship" involved was "artistic"⁶⁷.

56 Secondly, the concession notwithstanding, Lord Simon went on to construe as a whole the phrase "a work of artistic craftsmanship" as it appeared in s 3(1)(c) of the 1956 UK Act. He noted that the concession that the *Bronx* prototype was a work of craftsmanship had tended to distort the argument and that "works of artistic craftsmanship" was a composite phrase to be construed as a whole⁶⁸. That approach by Lord Simon should, subject to what has been said

63 [1976] AC 64; [1975] RPC 31.

64 [1973] 1 WLR 144; [1973] 1 All ER 160; [1975] RPC 31 at 34-44.

65 [1973] 3 WLR 453; [1973] 3 All ER 414; see also [1976] AC 64 at 66-73.

66 A photograph of the *Bronx* suite is reproduced in the RPC report: [1975] RPC 31 at 33.

67 [1976] AC 64 at 77, 80-81, 84, 88, 96.

68 [1976] AC 64 at 91.

above respecting the significance of the 1989 Act, be adopted in dealing with the present appeal. In Australia, thus, there will be no occasion to attempt from all five speeches in *Hensher* a distillation of what can be regarded as the *ratio decidendi*⁶⁹.

57 Thirdly, Lord Simon noted that there was no relevant distinction between the phrase used in the 1956 UK Act and that found in the 1911 Act⁷⁰. His Lordship went on, in a manner now regarded in this Court as involving orthodox principles of interpretation⁷¹, to consider what he called the social and legal backgrounds to the 1911 Act, saying⁷²:

"When this is undertaken it will be found that [the social and legal backgrounds] chime together remarkably, leaving no doubt as to what sort of work it was that Parliament was extending copyright protection to in 1911."

58 Fourthly, after referring to the activities of Ruskin and Morris and the foundation of the Arts and Crafts Exhibition Society and the Central School of Arts and Crafts, and other events in the period 1862 to 1910, Lord Simon continued⁷³:

"These are no more than a handful of key events; but they put beyond doubt what it was that prompted Parliament in 1911 to give copyright protection to 'works of artistic craftsmanship' – namely, the Arts and Crafts movement with its emphasis on the applied or decorative arts."

69 cf *Commissioner of Taxation v Murray* (1990) 21 FCR 436 at 438-440, 451-452; *Coogi Australia Pty Ltd v Hysport International Pty Ltd* (1998) 86 FCR 154 at 164-168; *Sheldon and Hammond Pty Ltd v Metrokane Inc* (2004) 135 FCR 34 at 55-60; *Muscat v Le* (2003) 204 ALR 335 at 347.

70 [1976] AC 64 at 89.

71 *CIC Insurance Ltd v Bankstown Football Club Ltd* (1997) 187 CLR 384 at 408.

72 [1976] AC 64 at 89.

73 [1976] AC 64 at 90.

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In that regard, the biographer of William Morris writes⁷⁴:

"In a totally convincing way he showed the wrong-headedness in separating off the design process from making: one was a necessary stage towards the other; the designer and maker could be one and the same person, the person who came to be defined as artist-craftsman. Another false perception he attacked was that the fine artist had no role in industrial production. Morris had designed for many factories and workshops, on varying scales and in different materials, and had proved this to be patently untrue."

59 There are further points respecting statutory construction to be made here. First, the statutory expression is "artistic craftsmanship", not "artistic handicraft", notwithstanding that the aesthetic of the Arts and Crafts movement may have been that of the living artisan in his workshop. Lord Simon noted that some leaders of the Arts and Crafts movement recognised that they would have to come to terms with the machine, and referred to a lecture by Frank Lloyd Wright, "The Art and Craft of the Machine". Lord Simon concluded⁷⁵:

"The Central School of Arts and Crafts, though foremost a school of handicrafts, had as a declared aim to encourage 'the industrial application of decorative design.' So, although 'works of artistic craftsmanship' cannot be adequately construed without bearing in mind the aims and achievements of the Arts and Crafts movement, 'craftsmanship' in the statutory phrase cannot be limited to handicraft; nor is the word 'artistic' incompatible with machine production: see *Britain v Hanks Brothers and Co*⁷⁶."

60 Secondly, coming to terms with machine production involves acceptance that a prototype such as the Plug may qualify as "a work of artistic craftsmanship" even though it was to serve the purpose of reproduction and then be discarded. Doubts upon the matter expressed by several of the Law Lords in *Hensher*⁷⁷ were somewhat misplaced. These doubts influenced the reasoning of

74 MacCarthy, *William Morris: A Life for Our Time*, (1994) at 590.

75 [1976] AC 64 at 91.

76 (1902) 86 LT 765. [Wright J restrained the pirating of metal models of toy soldiers and horses, as being protected by the 1814 Act.]

77 [1976] AC 64 at 77 per Lord Reid, 84 per Viscount Dilhorne.

the Full Court in the present case, a matter as to which it will be convenient to say more later in these reasons.

61 Thirdly, whilst not denying an enduring distinction between fine arts and useful or applied arts, in dealing with artistic craftsmanship there is no antithesis between utility and beauty, between function and art. In that regard, Lord Simon said in *Hensher*⁷⁸:

"A work of craftsmanship, even though it cannot be confined to handicraft, at least presupposes special training, skill and knowledge for its production ... 'Craftsmanship', particularly when considered in its historical context, implies a manifestation of pride in sound workmanship – a rejection of the shoddy, the meretricious, the facile."

Lord Simon further said⁷⁹:

"Even more important, the whole antithesis between utility and beauty, between function and art, is a false one – especially in the context of the Arts and Crafts movement. 'I never begin to be satisfied,' said Philip Webb, one of the founders, 'until my work looks commonplace.' Lethaby's object, declared towards the end, was 'to create an efficiency style.' Artistic form should, they all held, be an emanation of regard for materials on the one hand and for function on the other."

62 Finally, it may be noted that the course of the statutory and case law in the United States respecting works of artistic craftsmanship requires separate identification of pictorial, graphic or sculptural features from utilitarian aspects of the article concerned; the former features must be capable of "existing independently" of utilitarian aspects⁸⁰. However, given what has just been said, such an approach should not be adopted in construing the Australian legislation. This is derived from the 1911 Act, which must be understood in the light of what

78 [1976] AC 64 at 91.

79 [1976] AC 64 at 93.

80 *Copyright Act* 1976, 17 USC §101; *Pivot Point International Inc v Charlene Products Inc* 372 F 3d 913 (2004). In the United States, the *Vessel Hull Design Protection Act* 1998, 17 USC §§1301, 1302, conferred a *sui generis* form of protection upon designs for vessel hulls, including "plugs" and "molds": *Nimmer on Copyright*, vol 2, §8A.13-§8A.21.

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was said in *Hensher* respecting the Arts and Crafts movement and because the language of the 1911 Act is apt to carry forward the objects of that movement.

Was the Plug "a work of artistic craftsmanship"? – the evidence

63 The answer to the question whether the Plug is a "work of artistic craftsmanship" cannot be controlled by evidence from Mr Swarbrick of his aspirations or intentions when designing and constructing the Plug. His evidence was admissible. But the operation of the statute does not turn upon the presence or absence of evidence of that nature from the author of the work in question. The matter, like many other issues calling for care and discrimination, is one for objective determination by the court, assisted by admissible evidence and not unduly weighed down by the supposed terrors for judicial assessment of matters involving aesthetics⁸¹.

64 The statute does not give to the opinion of the person who claims to be the author of "a work of artistic craftsmanship" the determination of whether that result was obtained; still less, whether it was obtained because he or she intended that result. Given the long period of copyright protection, the author, at the stage when there is litigation, may be unavailable. Indeed, as Pape J noted in *Cuisenaire*⁸², the author may be dead. Again, intentions may fail to be realised. Further, just as few alleged inventors are heard to deny the presence of an inventive step on their part, so, it may be expected, will few alleged authors of works of artistic craftsmanship be heard readily to admit the absence of any necessary aesthetic element in their endeavours⁸³.

65 This is not to deny the admissibility of such evidence, nor to disparage the good character of such witnesses, and certainly not that of Mr Swarbrick; it is to reaffirm the well-recognised dangers of hindsight which are present in various

81 cf *Attorney-General v Trustees of National Art Gallery of NSW* (1944) 62 WN (NSW) 212; *In re Pinion dec'd* [1965] Ch 85; Picarda, *The Law and Practice Relating to Charities*, 3rd ed (1999) at 61-62; Cowen, "An Artist in the Courts of Law", (1945) 19 *Australian Law Journal* 112.

82 [1963] VR 719 at 730.

83 cf *Wellcome Foundation Ltd v VR Laboratories (Aust) Pty Ltd* (1981) 148 CLR 262 at 286-287.

fields of intellectual property law, as in many other disputes that come to litigation.

66 The various aspects of the definition of "a work of artistic craftsmanship" which are discussed above with reference to *Hensher* have particular significance here. The primary judge considered "craftsmanship" and "aesthetic appeal" as distinct and consecutive questions, before going on and "considering both aspects together"⁸⁴. This was an error in the construction and application of the Copyright Act and requires re-examination of what transpired at the trial.

67 Upon that footing, the primary judge started his analysis of the evidence from the proposition that the evidence of intention of the author of the alleged work was important, albeit not essential⁸⁵. Whilst allowing that Mr Swarbrick was "scarcely a disinterested person", the primary judge gave very great weight to his evidence as to that intention. His Honour accepted that Mr Swarbrick had intended to design and build a yacht of "great aesthetic appeal", that the JS 9000 had "a high level of aesthetic appeal" and that this was the outcome intended by Mr Swarbrick⁸⁶.

68 The primary judge added that Mr Swarbrick had not been cross-examined on these views. The appellants properly dispute this. They point, among other things, to the passage in his lengthy cross-examination:

"Your main concerns with design, I suggest to you, were to provide yachts for that market performing in accordance with the design brief you had set for yourself? — Yes. I wanted a well mannered, easily balanced boat that was fast by contemporary standards."

The "design brief" referred to was that set out in an affidavit by Mr Swarbrick. This stated that the market at which the JS 9000 was aimed comprised persons who, in no particular order, were reasonably experienced amateur sailors, aged 45 or more, who wanted a yacht of good performance, capable of racing, but for typical use in day sailing, relatively simple to sail with a minimum crew size, and visually attractive.

84 (2004) 138 FCR 353 at 367.

85 (2004) 138 FCR 353 at 363-364.

86 (2004) 138 FCR 353 at 366.

69 The promotional material and business plan described earlier in these reasons are relatively contemporaneous evidence. They are confirmatory of that design brief but, it should be noted, do not give prominence to matters of visual and aesthetic appeal. However, the primary judge gave this material little apparent weight, beyond saying that the documentary evidence did not lead him to doubt Mr Swarbrick's evidence at the trial.

70 His Honour did give much attention to the steps by which the Plug came into existence in its final form. There were disputes between witnesses on these matters. But, as a whole, that evidence is equivocal; it suggests that yacht design requires engineering skills and that the problems overcome as Mr Swarbrick progressed had been predominantly to do with matters of function.

71 The primary judge gave limited attention in his reasons to the whole of the evidence of Mr Warwick Hood, a very experienced yacht designer who has practised naval architecture since 1954. Carr J did accept Mr Hood as an appropriately impartial expert witness, but said he preferred the evidence of Mr Swarbrick to that of Mr Hood to the extent there was a conflict⁸⁷. His Honour did not disclose why that was his preference.

72 Mr Hood described the JS 9000 as an example of a popular class of yacht, known as a "sports boat", designed to sail as fast as possible within the constraints of an overall length of about 9 metres. Speed was said to be the overriding consideration in the design of "sports boats" and all other factors were of secondary importance. Mr Hood said the design of "sports boats" was not substantially or mainly governed by considerations of appearance or pleasing aesthetics.

73 Taken as a whole and considered objectively, the evidence, at best, shows that matters of visual and aesthetic appeal were but one of a range of considerations in the design of the Plug. Matters of visual and aesthetic appeal necessarily were subordinated to achievement of the purely functional aspects required for a successfully marketed "sports boat" and thus for the commercial objective in view.

87 (2004) 138 FCR 353 at 366.

Conclusions respecting the Plug

74 This state of the evidence must strongly influence the answer to the question whether the Plug was "a work of artistic craftsmanship", within the meaning of the Copyright Act and allowing for the "overlap" provision made by the 1989 Act.

75 With wallpaper, a tapestry, stained glass window, piece of jewellery or Tiffany artefact, there is considerable freedom of design choice relatively unconstrained by the function or utility of the article so produced. But, as the evidence disclosed, that was not the case with the design constraints upon a class of yacht such as the JS 9000.

76 The general considerations in play in deciding whether the Plug was "a work of artistic craftsmanship" appear from a discussion by Professor Denicola in his influential article, "Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles"⁸⁸. The writer referred to the statement by Frank Lloyd Wright in 1894 challenging designers to use the machine to best advantage rather than to produce "with murderous ubiquity forms born of other times"; Professor Denicola continued⁸⁹:

"The dominant feature of modern industrial design is the merger of aesthetic and utilitarian concerns. It is the influence of nonaesthetic factors, the nexus between what the product must do and how it must look, that distinguishes true industrial design from other artistic endeavors. The industrial designer as engineer – a perspective no less valid than industrial designer as artist – is subject to the functional constraints inherent in each undertaking."

77 During his cross-examination, Mr Swarbrick agreed that yacht design was a very specialised branch of naval architecture and that a naval architect was "basically an engineer". Mr Hood referred to a number of works on the practice of naval architecture and the design of yachts. He described as the main and

88 (1982-83) 67 *Minnesota Law Review* 707. The thesis of the article was accepted by the majority of the Court of Appeals for the Seventh Circuit in *Pivot Point International Inc v Charlene Products Inc* 372 F 3d 913 at 927 (2004).

89 (1982-83) 67 *Minnesota Law Review* 707 at 739.

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essential requirements of yacht design the application of mathematical and engineering principles together with the relevant principles of physics.

78 In cross-examination, Mr Hood was taken to a number of books written by yacht designers and agreed that there was a substantial body of opinion that yacht design is an art or involves creative ability and artistic ability. Some of these authors Mr Hood did not hold in high regard because he saw them as influenced by a poetic view of a vocation that was basically concerned with engineering. Naval architects who held themselves out as accepting design briefs to produce beautiful vessels for the rich and famous were regarded by Mr Hood as "stylists". If a client told Mr Hood that he wanted a beautiful boat, Mr Hood would be unable to proceed further with the brief without going into matters of purpose and function, of what must be always a significant piece of engineering.

79 This evidence adds force to the further statement by Professor Denicola in his article⁹⁰:

"The designer cannot follow wherever aesthetic interests might lead. Utilitarian concerns influence, and at times dictate, available choices. Indeed, aesthetic success is often measured in terms of the harmony achieved between competing interests."⁹¹

80 After referring to what he describes as "utilitarian considerations", including ease of operation, maintenance and cost of manufacture, Professor Denicola concludes that the cumulative influence of such matters "can render the designer's task quite unlike that confronting the painter or sculptor"⁹². That was true of the design of the Plug for the JS 9000.

81 In *Hensher*⁹³, Lord Simon asked whether the work in question was "the work of one who was in this respect an artist-craftsman?" He referred to "aim

90 (1982-83) 67 *Minnesota Law Review* 707 at 739.

91 "All design is a compromise of conflicting requirements and the most satisfying results are those where the priorities of the conflicting needs have been correctly assessed ...", Ashford, *The Aesthetics of Engineering Design* (1969) at 29.

92 (1982-83) 67 *Minnesota Law Review* 707 at 740.

93 [1976] AC 64 at 94.

and impact"⁹⁴. The works of a cobbler or dental mechanic, and a wheelwright were not works of artistic craftsmanship⁹⁵. At the other extreme, the work of the maker of hand-painted tiles would be so regarded. Lord Simon went on⁹⁶:

"In between lie a host of crafts some of whose practitioners can claim artistic craftsmanship, some not – or whose practitioners sometimes exercise artistic craftsmanship, sometimes not. In the former class, for example, are glaziers. The ordinary glazier is a craftsman, but he could not properly claim that his craftsmanship is artistic in the common acceptance. But the maker of stained glass windows could properly make such a claim; and, indeed, the revival of stained glass work was one of the high achievements of the Arts and Crafts movement. In the latter class is the blacksmith – a craftsman in all his business, and exercising artistic craftsmanship perhaps in making wrought-iron gates, but certainly not in shoeing a horse or repairing a ploughshare. In these intermediate – or rather, straddling – classes come, too, the woodworkers, ranging from carpenters to cabinet-makers: some of their work would be generally accepted as artistic craftsmanship, most not. Similarly, printers, bookbinders, cutlers, needleworkers, weavers – and many others. In this straddling class also fall, in my judgment, the makers of furniture. Some of their products would be, I think, almost universally accepted as 'works of artistic craftsmanship'; but it would be a misuse of language to describe the bulk of their products as such."

82 The thread running through this discussion is the significance of functional constraints, extreme for a dental mechanic, less so for a glazier or blacksmith, and depending upon the nature of the particular design brief. A horseshoe is one task; the Tijou gates, screens and grilles wrought for St Paul's Cathedral, Hampton Court and Chatsworth by the French Huguenot ironmaster⁹⁷ were in a very different category.

94 [1976] AC 64 at 95.

95 [1976] AC 64 at 91.

96 [1976] AC 64 at 91-92.

97 Jean Tijou arrived in England in about 1689 and worked there until about 1712: see "Decorative Arts and Furnishings", *The New Encyclopaedia Britannica*, 15th ed (1988), vol 17 at 160.

83 It may be impossible, and certainly would be unwise, to attempt any exhaustive and fully predictive identification of what can and cannot amount to "a work of artistic craftsmanship" within the meaning of the Copyright Act as it stood after the 1989 Act. However, determining whether a work is "a work of artistic craftsmanship" does not turn on assessing the beauty or aesthetic appeal of work or on assessing any harmony between its visual appeal and its utility. The determination turns on assessing the extent to which the particular work's artistic expression, in its form, is unconstrained by functional considerations. To decide the appeal it is sufficient to indicate the following.

84 The more substantial the requirements in a design brief to satisfy utilitarian considerations of the kind indicated with the design of the JS 9000, the less the scope for that encouragement of real or substantial artistic effort. It is that encouragement which underpins the favourable treatment by the 1989 Act of certain artistic works which are applied as industrial designs but without design registration. Questions of fact and degree inevitably arise.

85 In the present case, notwithstanding what Mr Swarbrick later said on the matter after litigation was on foot, the earlier statements in the promotional material and in the business plan, with the evidence of Mr Hood, should have led the primary judge to conclude that the Plug was not "a work of artistic craftsmanship" because the work of Mr Swarbrick in designing it was not that of an artist-craftsman.

The hull and deck mouldings

86 The hull and deck mouldings assumed particular importance in the Full Court. In its reasons⁹⁸, the Full Court said that the primary judge "may have erred" in concluding that the Plug was a work of artistic craftsmanship because it was "no more than the means to the end of creating the mouldings that were to constitute the hull and deck of the *Bateau Rouge*". As explained earlier in these reasons, the primary judge had erred in his conclusion, but not because the Plug had been created as the preliminary step in a process of manufacture or, as the Full Court put it, "the means to the end". The conclusion expressed earlier in these reasons that the Plug was not a work of artistic craftsmanship has as a necessary corollary that the hull and deck moulds made from it were not works of that character. In any event, at trial Mr Swarbrick had not contended that the

98 (2005) 149 FCR 193 at 206.

hull and deck moulds were independent works of artistic craftsmanship and Carr J therefore did not enter upon any such question⁹⁹.

87 Recognising this, in this Court counsel for Mr Swarbrick relied upon the hull and deck mouldings for the *Bateau Rouge* as independent works of artistic craftsmanship irrespective of their derivation from the Plug. Whilst the primary judge found that the hull and deck mouldings were works of artistic craftsmanship¹⁰⁰ later in his reasons¹⁰¹, his Honour described both the moulds and the mouldings as "manifestations" of the same object, the Plug.

88 In this Court, counsel for Mr Swarbrick referred to the findings by the primary judge as to the steps by which the hull and deck mouldings were produced from the moulds. A spray gel coat was applied to the moulds, a skin layer was hand-laid using derecane resin and the remainder of the laminate, skin and core was applied using a vacuum infusion process¹⁰². This was not the work of an artist-craftsman in the sense discussed earlier in these reasons.

89 The upshot is that the primary judge correctly described, for present purposes, the hull and deck mouldings as manifestations of the Plug. Put another way, they might well be regarded as reproductions in a material form of the Plug within the meaning of s 31 of the Copyright Act. Thus, the statement of Lord Reid in the following passage in *Hensher*¹⁰³ applies here:

"It is common ground that we must consider the prototype and not the furniture put on the market by the appellants. Apparently this is because the articles put on the market were not works of craftsmanship. But if there was copyright in the prototype then the furniture put on the market by the appellants was copied from it, and the respondents' products were copied from the furniture which the appellants put on the market.

99 (2004) 138 FCR 353 at 372.

100 (2004) 138 FCR 353 at 372.

101 (2004) 138 FCR 353 at 375.

102 (2004) 138 FCR 353 at 358.

103 [1976] AC 64 at 77; see also at 79-80 per Lord Morris of Borth-y-Gest, 83 per Viscount Dilhorne. See also *Coogi Australia Pty Ltd v Hysport International Pty Ltd* (1998) 86 FCR 154 at 170.

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The respondents do not deny that this would be infringement of that copyright."

90 There is no substance in the claim that the hull and deck mouldings are to be supported independently as works of artistic craftsmanship, thereby obviating the obstacle placed by s 77 of the Copyright Act in the path of Mr Swarbrick.

Works of sculpture

91 At first instance and in the Full Court, the appellants put an independent argument which they renewed in this Court. That argument should be rejected. In short, the appellants submit that (i) the Plug and the hull and deck mouldings of the *Bateau Rouge* were original artistic works, being sculptures within the meaning of par (a) in the definition of "artistic work" in s 10 of the Copyright Act; (ii) the primary judge so held¹⁰⁴; (iii) therefore, these works do not fall within par (c) of the definition – "a work of artistic craftsmanship to which neither of the last two preceding paragraphs applies" – because one of the proceeding paragraphs, par (a), applies; (iv) as a consequence of (iii), neither the Plug nor the hull and deck mouldings is "a work of artistic craftsmanship" within the sense of par (a) of s 77(1); (v) the exception in par (a) of s 77(1) of the defence to the action of copyright infringement therefore cannot apply in the present case.

92 Step (iv) in this chain of argument does not follow from step (iii). It has been remarked earlier in these reasons that some works within par (a) and par (b) of the definition of "artistic work" in s 10 may, and others may not, be of "artistic quality". Further, the text of the definition of "artistic work" accommodates, in par (c), the readily apparent proposition that, for example, at least some sculptures will be works of artistic craftsmanship¹⁰⁵. Paragraph (c) of the definition sweeps up works of artistic craftsmanship which fall outside pars (a) and (b). Paragraph (c) does not exclude as works of artistic craftsmanship those works which also happen to answer the specific criteria of par (a) or par (b). Thus, par (a) of s 77(1) removes any work of artistic craftsmanship from the scope of the defence for infringement provided by s 77(2).

104 (2004) 138 FCR 353 at 372.

105 See, for example, the craftworks depicting Territorian animals, reptiles and insects considered by Angel J in *Wildash v Klein* (2004) 16 NTLR 66; 61 IPR 324.

93 During the course of this litigation, the Copyright Act was further amended, with effect from 17 June 2004, by the 2003 Act. This accommodated changes made by the New Designs Act and also made amendments with respect to the design-copyright "overlap".

94 From par (c) of the definition of "artistic work", the words "to which neither of the last two preceding paragraphs applies" are now omitted and in their place the paragraph reads, "whether or not mentioned in paragraph (a) or (b)"¹⁰⁶.

95 In the Explanatory Memorandum to the Bill for what became the 2003 Act, the following was said of this amendment¹⁰⁷:

"This amendment clarifies that a work can be both a work of artistic craftsmanship and an artistic work under paragraph (a) or (b) of the definition of 'artistic work'. For example, a sculpture can be a work of artistic craftsmanship notwithstanding that it is also an artistic work under paragraph (a).

This amendment is intended to remove uncertainty as to the meaning of the term 'work of artistic craftsmanship' for the purposes of section 77. Section 77 provides a defence to copyright infringement where a corresponding design is applied industrially and the design is not registered or is not registrable under the Designs Act. Section 77 does not operate where the artistic work that relates to the corresponding design is a work of artistic craftsmanship. If a sculpture is a work of artistic craftsmanship, it will retain copyright protection after being applied industrially (but copyright protection is lost if a corresponding design is registered as a design)."

96 The uncertainty referred to in the Explanatory Memorandum, independently of the amendment made by the 2003 Act was resolved in the manner explained above in these reasons. The outcome in this Court thus is consistent with the more explicit provision later made by the 2003 Act but has not been dictated by the existence of the subsequent amendment.

106 2003 Act, Sched 1, Pt 1, Item 1.

107 Designs (Consequential Amendments) Bill 2002 (Cth), House of Representatives, Explanatory Memorandum at 2.

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97 In the Explanatory Memorandum¹⁰⁸, reference is also made to recommendations 170-181 by the Australian Law Reform Commission in its Report No 74, titled *Designs*. Recommendation 172 is in the following terms:

"Works of artistic craftsmanship produced in multiple quantities should continue to be protected by copyright. 'Artistic craftsmanship' should be defined in the Copyright Act. The Copyright Act should make clear that a work can be both a work of 'artistic craftsmanship' and an artistic work under s 10(1)(a) and (b)."

98 The amendment made by the 2003 Act and discussed above implemented the proposal in the third sentence of recommendation 172. The proposal for a definition of "artistic craftsmanship" was not implemented. Hence, the continuing importance of the primary issue decided in this appeal.

Orders

99 The appeal should be allowed with costs. The orders of the Full Court made on 8 December 2005 should be set aside. In place thereof, the appeal to that Court should be allowed with costs.

100 The question then arises as to what, in the light of the reasons of this Court, should follow for orders 1-8 made by Carr J on 24 June 2004 upon the issues which, on 6 November 2003, he had directed there be a separate hearing and determination.

101 Order 1 was a declaration as to the subsistence of copyright in respect of artistic works, being the Plug, the moulds, the hull and deck mouldings, the *Bateau Rouge* and certain drawings. However, the critical issue was whether they were works of artistic craftsmanship, a matter upon which turned the defence to infringement. The declaration in order 1 did not reflect that situation and should also be set aside.

102 Orders 2, 3 and 4 were declarations respecting infringement of copyright. In the light of the decision now made in this Court, those declaratory orders cannot stand. They must be set aside.

108 Designs (Consequential Amendments) Bill 2002 (Cth), House of Representatives, Explanatory Memorandum at 1.

103 Order 8 continued in force until further order the interlocutory injunction granted on 12 September 2003. In the light of the concession by counsel in this Court to which reference has been made, this injunction was cast in terms which were too wide. In any event, given the outcome of this appeal, order 8 should be set aside with the consequence that the interlocutory relief is dissolved. This will also operate to release any of the appellants from the undertakings so given.

104 Order 6 held over for further determination questions of any additional relief to which Mr Swarbrick might be entitled against the present appellants. That portion of order 6 cannot stand. The remainder of order 6 and the whole of order 5 was directed to questions arising in respect of the cross-claims. Orders 5 and 6 should be set aside and it should be ordered that all questions remaining with respect to the cross-claims be stood over for determination by a judge of the Federal Court in conformity with the reasons of this Court.

105 In his reasons for judgment, Carr J gave detailed consideration to issues of costs¹⁰⁹. Order 7 provided that the present appellants pay Mr Swarbrick's costs of the proceedings to date including any reserved costs and the costs of the motions, notice of which was filed on 12 September 2003 and 3 October 2003 respectively. These were the motion whereby Mr Swarbrick obtained an interlocutory injunction and the unsuccessful motion by the appellants to discharge the injunction. In place of order 7, it should be ordered that the respondent pay the costs of the appellants of the proceedings before Carr J up to 7 July 2004, the date of entry of his orders made on 24 June 2004, including any reserved costs and also the costs of the two motions.

106 The outcome is that all of the orders made by Carr J should have been set aside by the Full Court. This Court should now so provide. In place of the orders of Carr J, an order should now be made dismissing the present respondent's application to the Federal Court with consequential orders as set out above.

109 (2004) 138 FCR 353 at 380-383.