

## CASE NOTE

# FLASHING BADGES AND DESIGN – COPYRIGHT: A CASE COMMENT

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*One of the most fascinating issues arising in the arena of intellectual property rights is the interface between its various forms, and policy issues arising out of the expansion or restriction of a country's IPR regime. This case note discusses the recent decision in Flashing Badge which casts light on precisely these issues, and lays down the parameters for the future development of jurisprudence in this area.*

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### I. INTRODUCTION

When a layman looks at attractive decorative items in gift stores like glittering bells, glow-in-the-dark stickers or badges that flash, he never envisages that their making and marketing process could cause tricky and complex design – copyright spats! Yet, in the world of intellectual property rights, they do.

At the outset, one needs to understand what design rights cover. There is a discernible difference between the inventive, functional products and processes which fall into the ambit of patents on the one hand; and creative, artistic copyright works on the other. However, many products which are neither inventive nor constitute copyright works are marketed with features that have an artistic, aesthetic or functional value. It is these features, either of the appearance or arrangement of a commercially exploited article, which is the subject of design rights.<sup>1</sup>

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<sup>1</sup> COLSTON CATHERINE & MIDDLETON KIRSTY, MODERN INTELLECTUAL PROPERTY LAW 406 (2005).

Design rights occupy the gap in protection which would otherwise fall between patents and copyright.<sup>2</sup> Colston succinctly explains this by pointing out that if one were to consider that patents and copyright occupy the far ends of a scale, moving from entirely functional (for *e.g.*, an exhaust pipe), towards the entirely artistic (works of art), design rights would occupy the median space.<sup>3</sup> So, design law sees design as features of shape or configuration which can either be aesthetic or of a functional nature. Aesthetic designs are protected under the provisions of the Registered Designs Act, 1949, while functional designs are governed by the provisions of the Copyright, Designs and Patents Act, 1988 [hereinafter “CDPA, 1988”]. This has always been an area of substantial complexity, amongst other elements, due to the overlap with copyright law.<sup>4</sup>

Copyright subsists automatically in a qualifying artistic work, without any particular requirement of artistic quality under the CDPA, 1988.<sup>5</sup> First, copyright can subsist in design documents, by protecting them as either artistic or literary works. Secondly, copyright can subsist in the article, when articles are most likely to fall within the categories of engraving,<sup>6</sup> sculpture,<sup>7</sup> or works of artistic craftsmanship.<sup>8</sup> To maintain a boundary between copyright and industrial design, the CDPA, 1988 introduced limits to the application of copyright protection to industrial designs. This ambivalent and ambiguous relationship between copyright as a means of protecting designs and the diverse design rights which prevent the unauthorized infringement of designs, depends largely on the interpretation of Sections 51 and 52 of the CDPA, 1988 and has never been satisfactorily resolved in English intellectual property law.<sup>9</sup>

The case of *Flashing Badge Co. Limited v. Groves (t/a Flashing Badges by Virgo and Virgo Distribution)*<sup>10</sup> in particular has presented an opportunity to examine, albeit in a critical fashion, the relationship between design right and copyright subsisting

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<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> P. TORREMANS, *INTELLECTUAL PROPERTY LAW* 315 (2001).

<sup>5</sup> Baillie, *Design Copyright Protection in the United Kingdom*, 15 INT’L L. 92 (1981).

<sup>6</sup> The mould for a frisbee in *Wham-O v. Lincoln Industries*, 1985 R.P.C. 127 (Ct. App. New Zealand 1985).

<sup>7</sup> The moulds for a sandwich toaster in *Breville Europe v. Thorn EMI Domestic Appliances*, 1995 F.S.R. 7 (Ch. Div. Patents Ct. 1985).

<sup>8</sup> *Furniture in Hensher v. Restawile*, 1976 A.C. 64 (H.L.).

<sup>9</sup> S. Gary, *Protection of Designs: A New Regime*, 14 NOTTINGHAM L.J. 30 (2005).

<sup>10</sup> *Flashing Badge Co. Limited v. Groves (t/a Flashing Badges by Virgo and Virgo Distribution)*, [2007] EWHC 1372 (Ch) [hereinafter “*Flashing Badge*”].

in industrial designs, with reference to s. 51 of the CDPA, 1988. According to Cornish, “a degree of uncertainty infects the penumbra of s. 51”<sup>11</sup> and in this comment, I argue that this uncertainty has not disappeared, even after the judgment in question.

## II. THE CASE AT HAND

Flashing Badge (the Claimant) commissioned a freelance artist to design novelty badges, and the claimant thereafter bought the copyright from the artist. There were twenty five badges, containing pictures and various messages such as “Princess”, “16 Today” etc., written in flamboyant script and with backing cards. Each badge was in a distinctive style, with six flashing, battery powered LEDs, which were positioned in such a manner, that the colour of the LED complemented the colour of the badge design. Another key feature of each badge was that its outline shape followed the outline of the artistic design (for example, a key for “21 Today”, and a crown shape for “Princess”) which formed the face of each badge. Mr. Groves (the Defendant) imported virtually identical copies of the claimant’s badges and backing cards from China. The Defendant admitted infringement of copyright in the backing cards and the case turned on the copyright issue in respect of the badge designs.

The claim for copyright infringement in respect of the badge designs was disputed, although there was no dispute that the designs were artistic works in which copyright subsisted. In particular, it was admitted by the defendant that the message on each badge was a “graphic work”, which is an “artistic work” within the meaning of s. 4, CDPA, 1988.<sup>12</sup> The defence was based exclusively on s. 51, CDPA, 1988.

The relevant provisions of s. 51 provide that:

- (1) It is not an infringement of copyright in a design document or model recording or embodying a design for anything other than an artistic work or typeface to make an article to the design or to copy an article made to the design.

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<sup>11</sup> W.R. CORNISH, *INTELLECTUAL PROPERTY* 378 (1997).

<sup>12</sup> COPYRIGHT, DESIGNS AND PATENTS ACT 1988, §4 defines “Artistic Works”:

- (1) In this Part “artistic work” means—
  - (a) a graphic work, photograph, sculpture or collage, irrespective of artistic quality, ...
- (2) In this Part...
  - “graphic work” includes—
    - (a) any painting, drawing, diagram, map, chart or plan, ...

(2) Nor...

(3) In this section - "design" means the design of any aspect of the shape or configuration (whether internal or external) of the whole or part of an article, other than surface decoration; and

"design document" means any record of a design, whether in the form of a drawing, a written description, a photograph, data stored in a computer or otherwise.

There were therefore three conditions to satisfy: first, whether there is a design document; secondly, what this document embodies, i.e. either a design for an artistic work or a design for something other than an artistic work; and finally, "to make an article to the design or to copy an article made to the design".

### III. THE KEY CONSIDERATIONS

Counsel for the claimant admitted that the design or configuration of each badge, *apart* from the artistic work on its face, was a design in respect of which s. 51 provided a defence.<sup>13</sup> An illustration was given of a design document for the shape of a mug; and a subsequent drawing of a cow which would adorn the side of the mug. In case the shape of the mug is copied, design rights might be infringed, however, if the cow design is copied, (which is an artistic work), then *copyright* would be infringed, and section 51 would provide no defence.<sup>14</sup> Furthermore, it was submitted that the free lancer designed the artistic work with a particular outline which would be applied to the badges and that the badges were subsequently designed to follow the shape of the artistic work. Besides, since the original design drawing was for "an artistic work", it was suggested that it did not fall within s. 51 because it was not a record for a design for something "other than an artistic work".<sup>15</sup> Lastly, counsel argued that the artistic work on the face of every badge qualified as "surface decoration", thus excluded by section 51(3), which defines "design".<sup>16</sup>

The defense counsel submitted that the design was not for an artistic work, but was for an article, i.e. a badge, and was a drawing of the shape of that article, including as part of its configuration the location of the LEDs. Further, it was suggested that given that a badge is not an artistic work, it fell within s. 51, since the design drawing showing the artwork was a "design document" for the purposes of s. 51(3).<sup>17</sup>

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<sup>13</sup> *Flashing Badge*, ¶ 9.

<sup>14</sup> *Flashing Badge*, ¶10.

<sup>15</sup> *Flashing Badge*, ¶ 11.

<sup>16</sup> *Flashing Badge*, ¶ 12.

<sup>17</sup> *Flashing Badge*, ¶ 13, 14.

#### IV. THE HIGH COURT'S ANALYSIS

Granting summary judgment, Rimer, J. ruled against the defendant in respect of all but one of the badges. In his view, each drawing was a “*design document*” within the meaning of s. 51(3): they each incorporated a design for an artistic work and a design for something other than an artistic work, i.e. an article in the nature of a badge in the same outline shape as the artistic work.<sup>18</sup> S. 51, the Court held, had no bearing upon the claims in respect of the first element of the design, but was relevant to the latter element of the design, because that was a design for something other than an artistic work.<sup>19</sup> Further, according to s. 51(3), surface decoration was excluded from the definition of “*design*”. It followed that the s. 51(1) defence applied, if at all, only to a copyright claim in the design minus the surface decoration, but it offered no defence in respect of any infringement of the copyright in the graphic design which provided the surface decoration of the badges.<sup>20</sup>

The Court distinguished an existing Court of Appeals authority - *Lambretta Clothing Company Limited v. Teddy Smith (UK) Limited Next Retail Plc.*<sup>21</sup> in which the s. 51 defence had succeeded. Jacob L.J who delivered the majority judgment in *Lambretta*, had said that in that case, the designs (colourways of the Union flag) could not have existed independently of the article to which they were applied (a track suit top), since they were “*neither physically nor conceptually*” existing apart from the shape, despite being surface decoration. Further he went on to explain that the design drawing – a “*graphic work*”, in which copyright subsisted - clearly fell within the definition of a “*design document*” under section 53(3), so section 51 prevented any infringement of copyright.

Rimer, J. said that contrary to the *Lambretta* case, the case at hand was such that the pictures existed independently of the badge and could be applied to any surface, and which, if so applied, would enjoy copyright protection for the infringement of which s. 51 affords no defence.<sup>22</sup> Rimer, J. interpreted all three judgments in *Lambretta* in a congruent way, relying on the picture or logo (which could have an independent existence of its own) example, cited by Jacob, L.J. Mance, L.J. had dissented on the availability of the defence in s. 51, because he held that it was not essential to consider the design drawing as a whole for the purposes

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<sup>18</sup> *Flashing Badge*, ¶ 15.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> *Lambretta Clothing Company Limited v. Teddy Smith (UK) Limited Next Retail Plc*, [2004] E.W.C.A. Civ. 886, [hereinafter “*Lambretta*”].

<sup>22</sup> *Flashing Badge*, ¶ 22.

of s. 51. In Rimer, J.'s opinion, however, Mance J. must have at least been in agreement with Jacob, L.J., that s. 51 would provide no defence to the infringement of copyright in a picture or logo, which could be applied to other substrates.<sup>23</sup> In addition, Rimer, J. held that Sedley, L.J. must be read to have concurred with Jacob, L.J.'s conclusion (i.e. that s. 51 applied to the colourways) but on the basis that the colourways were a configuration rather than a surface decoration inseparable from the shape or configuration of the track top.<sup>24</sup>

## V. HAS THE FLASHING BADGE CASE STILL LEFT QUESTIONS UNANSWERED WITH RESPECT TO S. 51?

The new design right under the CDPA, 1988 aimed at replacing copyright protection for purely functional articles. As a result, even spare parts like exhaust pipes are now protected by UK unregistered design rights.<sup>25</sup> This design right subsists in the shape or configuration of the whole or part of an article. However, copyright still subsists automatically in a qualifying artistic work. Where copyright subsists, it may be infringed by indirect copying.<sup>26</sup> If the work is an artistic one, it may also be infringed by the making of a three dimensional copy from a two dimensional work and vice versa.<sup>27</sup>

If the article is not an artistic work, the first consideration is whether the work is a design document, or a model recording or embodying a design. S. 51(1) defines "design" in terms equivalent to the unregistered design right, and restricts it to three dimensional features, excluding surface decoration. This exclusion of surface decoration and the copyright protection therein, is crucial to the present comment.

Simon Clark in his skeptical comment of *Flashing Badge* takes an example of a dress design to illustrate this point.<sup>28</sup> The shape of the dress is three dimensional, whereas the pattern used on the fabric is two dimensional. So the shape of the dress falls within design right protection, as it is a feature of shape, whereas the fabric pattern is two dimensional and should be protected by copyright. A

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<sup>23</sup> *Flashing Badge*, ¶ 19.

<sup>24</sup> *Flashing Badge*, ¶ 20. In doing so, Sedley, L.J. met with the broad definition given by Pumfrey, J., in *Mackie Designs Inc v. Behringer Specialised Studio Equipment (UK) Ltd.*, [1999] R.P.C. 717, 721 (Ch. Div.) of configuration, i.e. the way elements are arranged or assembled.

<sup>25</sup> *British Leyland v. Armstrong*, [1986] R.P.C. 279 (House of Lords).

<sup>26</sup> COPYRIGHT, DESIGNS AND PATENTS ACT (1988), § 16(3)(b).

<sup>27</sup> COPYRIGHT, DESIGNS AND PATENTS ACT (1988), § 17(b).

<sup>28</sup> S. Clark, *A Distinction without a Difference*, 173 C.W. 23 (2007).

noteworthy case is *Jo Y Jo Ltd. v. Matalan Retail Ltd.*<sup>29</sup> where the embroidery on designs for cardigans was held to constitute surface decoration, being “the application of some decorative process to a pre-existing surface”, although the claim failed on facts. Features constituting part of the garment’s construction and part of its fabric were held not to comprise surface decoration. In fact, Mr. Justice Ratee said that the case,

showed strikingly that, whereas a design may well be original in its combination of shape and surface decoration, it may well yet fail to attract protection because of the scheme adopted by the legislature in the 1988 Act of treating separate aspects – shape and decoration – as subject separately to the regimes of design right and copyright.

Subsequently, the *Lambretta* case took a slightly perplexing view. The Court of Appeal there, confirmed (Jacob L.J delivering the majority judgment) that the colour combination did not amount to configuration, within the definition of design right, but rather was surface decoration and hence excluded by s. 51(3), despite the garment being dyed through its thickness. In effect, that meant that despite the colour patterns in *Lambretta*’s tracksuit design being surface decoration, so excluded from design rights, there was no independent artistic copyright either, because they could not exist independently. S. 51 therefore applied, excluding the patterns from copyright protection as well, leaving *Lambretta* with no remedy against the defendant. The result of this decision was that surface decoration was not protected by copyright, if the design for the surface decoration was first created as part of the same design document as the three-dimensional elements.<sup>30</sup> In this context, Mance, L.J.’s dissent is noteworthy.

In the *Flashing Badge* case, the difficulty caused by *Lambretta* was clarified to a certain extent, by Rimer, J. reconciling *Lambretta*’s three judgments. The combined experience of both the cases is that surface decoration cannot exist in the abstract, as disconnected from the article to which it is applied; and section 51 applies to it as well, in addition to applying to the shape or configuration of the article.<sup>31</sup>

To differentiate between the two judgments, Rimer, J. said that *Lambretta* turned on its “special facts” because the colours could not exist apart from the shape of the garment. Accordingly, the surface decoration in *Lambretta* “could not be

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<sup>29</sup> *Jo Y Jo Ltd. v. Matalan Retail Ltd.*, [2000] E.C.D.R. 178 (Ch. D.).

<sup>30</sup> S. Clark, *Your Design and the Law*, FASHION BUSINESS INTERNATIONAL 30 (2007).

<sup>31</sup> E. Derclaye, *Flashing Badge Co. Ltd. v. Groves: A Step Forward in the Clarification of the Copyright/Design*, 30(6) E.I.P.R. 251 (2008).

*divorced from the design of the shape of the article.*" This is a convenient way of circumventing the difficulties caused by the *Lambretta* judgment and has been criticized.<sup>32</sup> It does not however help, to understand how exactly, section 51 should be applied in the future.

Some questions are still left unanswered. Clark asks if there was really a distinction between the two cases.<sup>33</sup> Had the design of the badges consisted solely of a combination of colours instead of a combination of colour, figures and words, would the decision have been any different? Does it matter what came first? The artistic works for surface decoration may have been created before the badges, but had it been the other way round, as it was in the *Lambretta* case, would the claimant in *Flashing Badge* have failed? What would have been the result if the design document was three dimensional, with there being no apparent distinction between the surface decoration and the shape, where the surface decoration instead of being flat is *textured*?

Undoubtedly, s. 51 has not left muddy waters, and could do with some clarity. Of guidance can be Etherton, J.'s judgment in the *Lambretta* case in the first instance. There, Etherton, J. had rejected the argument of the claimant, stating that the purpose of s. 51(1) was to achieve a mutual exclusivity between design right and copyright, making matters excluded from design right (like surface decoration) still enjoy copyright protection.<sup>34</sup> According to him, the true effect of the provision was that but for s. 51, the infringement of copyright in a design document could take place in respect of any form of copying; with the exception of simple photocopying of a design document. According to Etherton J., the provision is to be restricted to situations where copyright protection would be excluded in cases where unauthorized three-dimensional article is produced from the design document. So with regard to the effect and purpose of ss. 51 and 52, the natural and ordinary meaning of the words was considered as the approach to take. Possibly, this literal and elegant approach, limiting the provision to strict terms<sup>35</sup> could solve some of the complexities that s. 51 is ridden with.

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<sup>32</sup> *Id.*

<sup>33</sup> S. Clark, *A Distinction without a Difference*, 173 C.W. 23 (2007).

<sup>34</sup> Mark Wilkinson Furniture Ltd. v. Woodcraft Designs (Radcliff) Ltd., [1998] F.S.R. 63 (Ch. Div.).

<sup>35</sup> S. Gary, *Future of Design Right*, 26(3) STAT. L. R. 160 (2005).