

Designer's dilemma / Pirates paradise

DPS Parmar of LexOrbis talks about the coverage of industrial designs in India



Creative designing is problem solving. It is a decision-making process in engineering which is directed towards fulfilment of everyday human needs. The term Industrial design was coined by New Zealander Joseph Sinel who recognised the need for apt definition in 1919 to capture how technology and art came together to create designs for life. The impact of the innovative and creative designers was such that the owning of designer products was treated with as pride possessions by elites to reflect their luxurious life style.

The term 'Populuxe' (combination of popular and luxury) was coined by Thomas Hine to express the consumer culture which became an aesthetic, popular buzzword during 1950-1960 in the US. Accordingly the official definition of industrial design in the US reflects it as "the professional service of creating and developing concepts and specifications that optimise the function, value and appearance of products and systems for the mutual benefit of both user and manufacturer".

Industrial design is now an integral part of a products journey from mind to market. Credit for such transformation in product engineering process goes to Sinel, who had the edge perspicacity to carve the differential role for the industrial designs to competitive products. An industrial designer's job, in the words of Sinel, is to ensure that an object was, 'right in your eye and in your eye right'. Undoubtedly, lifestyle products reflect the personality of a person. The products research in these luxury products primarily tuned to the unique appearance or theme of such products.

Imitation market basically target to copy such products and flourish in every country. Lookalike or 'knock offs' always find the best buyers when it comes to buying the look alikes' of the luxury products. Visual designs of the objects are not purely for elite consumption. It finds its application in daily used products such jewellery, footwear, glasses, furniture, mobile phones, perfume bottles/containers and other innumerable articles. Even when industrial designs have such an overwhelming impact on the consumer products it is most underrated and sparingly used form of the industrial property as compared to its big brother like patents and trademarks. It is the oldest and most perplexing hybrid subject matter in the arenas of IP system.

Origin of design protection and its growth

Interestingly designs protection finds its roots in the US which date back to the first design patent for fonts taken by George Bruce in 1842 in US. Surprisingly, the US Statue of Liberty was protected by a design patent obtained

by Frédéric Auguste Bartholdi in February 1879. This design right covered the sale replica/copies of the statute. Interestingly, proceeds from sales of replicas helped to raise fund required to build the full statute. US design patents are very popular and every year more than 30,000 new application are received by the US Patent and Trademark Office (USPTO). Comparatively speaking, in India though the design registration remained in the statute book since passing of the first legislation, the Patterns and Designs Protection Act in 1872, but the growth of design applications remained very slow. In fact even with change of the design law in 2,000 number design applications per year has not crossed 12,000 mark.

Even when the process for registration of design has been made simple, easy and fast, the use of design IP protection never became as popular amongst the designers in India as desired.

It is well debated that designs life span is very short and the designers are very quick to move on to new design and they find it unnecessary to own design IP for a short life product. Some designers believe that even the unregistered designs can be protected under common law for passing off action and some finds registration of trademark as better option.

Coverage under design IP

Design in statutory provisions for registration is generally understood as the way in which an article appeals to an eye. The design for an article includes its surface ornamentation as an ornamental design or the configuration of the goods of manufacture. In few jurisdictions even computer icons and Graphical User Interfaces (GUI) are recent examples of virtual objects that are covered by design patents. However, the universal exception to design registration remained the functionality or functional features of the product on which design is applied.

Registered designs versus unregistered designs

It is well known that garment designers normally do not look for design IP rights as they normally change their garment designs every six months.

The normal designs registration according to their belief is meant for ornamental or decorative patterns or the appealing shape of a product and its packaging. Such designs are protected by registration as large scale copies of these products are intended for consumers.

For example registration of mobile phone designs is very popular amongst the mobile companies. In some

jurisdictions like UK the owners of unregistered designs of any aspect of the shape or configuration (whether internal or external) of the whole or part of an article are entitled to own a design right automatically if such a design is original and non-commonplace design.

Under §213(2) Copyright Designs & Patent Act 1988 (CDPA) under provides by implication that unregistered design right (UDR) subsists automatically when either the 3D object is created or design plans for that 3D object are produced as by definition designs means 'any aspect of the shape or configuration (whether internal or external) of the whole or part of an article'.

The unregistered design however gets protection from being copied for a limited period of times. However, with deletion of words "any aspect" by the IP Act 2014 the scope and extent of UK UDRs has been restricted.

It will take some more time in UK to finally understand the exact implications such changes but in Indian design law such unregistered rights are not available even by implication. Interestingly, copyright in design also loses when it is applied to an article 50 times as per provisions of §15(2) in the Copyright Act, 1957 where it clearly stated that 'copyright in any design, which is capable of being registered under the Designs Act, but which has not been so registered, shall cease as soon as any article to which the design has been applied has been reproduced more than fifty times by an industrial process by the owner of the copyright, or, with his licence, by any other person. Thus designer's products which are capable of being registered under designs law which are holding copyright would cease to enjoy copyright in design if such designs have been applied to the articles which are produced more than 50 times.

Therefore, the unregistered designs with copyright protection will not get protection if they are applied to 3D articles in India and replicated 50 times.

Fashion designers dilemma and piracy

Fashion designers products are symbol of urban sophistication. Designer's bridal gowns or signature dress for red carpet or ramp walk or catwalk wears of celebrities or urban elite becomes instantly popular. In no time look alike or 'knock offs' of such luxury products hit the piracy jolt.

In the era of the digital tools with advanced means to recreate their creative works can be recreated almost instantaneously. With advance tools of production such as

laser cutting, 3D knitting, and 3D printing piracy has made substantial ripples in the fashion sector. This intensifies the piracy impact to such an extent that at times replicas hit the market even before they are showcased and released by their original creators.

At times fashion designers remain moot spectators to such a rampant copying perhaps in the hope that market saturation will come to their rescue. Even this is seen as a motivational force to keep them busy in changing their fashion trends faster to stay ahead in competition. Little these designers realise that such a rampant piracy impinge upon and shrink their profits.

Another prominent form of piracy which is prevalent within fast fashion companies is to make the popular designer and haute couture styles accessible to the masses at throwaway prices. In the fashion design industry there is firm believe that fashion goods are imperfect substitutes and this imperfect substitution supports their claim that piracy may increase demand for the originals and develop consumption habits by increasing the popularity and dissemination of their design.

While the number of designers and brands that engage with these developing technologies remains small yet substantial amount of profits is lost by original designers. In order to check the design piracy some designers like Sabyasachi are looking for design registration as the fashion word strategy to compete and prevent copying of their creative designs.

In year 2017 Sabyasachi design applications (387) top the list of design application filer in Indian Design office.

Designs infringement: damage awards

Of late interest in mobile design IP protection has shown upward trends in view of recent high-profile cases worldwide where courts were harsh in punishing the infringers. The design infringement Apple v Samsung case verdict on award of damages \$533 Million for infringement of Apple's design patents on smartphone D618,677, D593,08 and D604,305 proves that designs IP is no longer a weak subject of IP. This seven year old design infringement battle verdict on damages has proved that infringement of designs patents can be taxing. This high profile US case will turn around the importance of designs from an obscure right to a powerful strategic IP tool to nail down the infringer with favourable results in form of high damages and stay ahead in competition. It will not be surprising to witness growth in design registration as repercussions of this verdict in US or other jurisdictions.

Passing off road block: India

In India, another development relating to the design law is equally important as long standing myth of protection of unregistered design suffered a jolt. Statutory protection for designs in India is available under the Designs Act, 2000.

This registration procedure is akin to patent grant procedure as novelty is the main criteria of grant. Unlike UK, Indian law does not recognise statutory rights in unregistered designs. But this may raise the issue of the availability of common law remedy such as passing off in unregistered designs. Whether a passing of action based on misrepresentation or deceit in the context of an unregistered design or existing or expired design would find favour with the Indian courts or not can be predicted from the cases decided so far relating to this. For example in *Tobu Enterprises Pvt v Megha Enterprises and Anr*, the Delhi High Court categorically stated that the statutory remedy for design infringement had the effect of excluding the common law remedy. Contrary view was taken by the court in *Smithkline Beecham Consumer Healthcare GMBH and Ors v GD Rathore and Ors*, wherein court reasoned that exclusion of a passing claim would allow unscrupulous manufacturers to deceive customers by passing off their products as those of a registered design owner.

Accordingly, the court held that infringement and passing off being two distinct remedies, there is no bar to invoking both. The court agreed to the contention that the plaintiff had established that the bottle shape in question had acquired a reputation and goodwill worth protecting. In order to settle this controversy a three-judge bench of Delhi High Court in *Micolube India Limited v Rakesh Kumar Trading as Saurabh Industries & Ors* again considered this issue in detail.

The majority decision settled it in favour of holder of a registered design to uphold the fundamental principle that in order to institute a suit the right does not need to be rooted in a statute and thus paving the way for holder of registered designs to institute an action for passing off as common law remedy. This decision put to rest the controversy relating to overlapping of remedies but left the question of rights of the unregistered design holders untouched. In this aspect the dissenting opinion of justice Manmohan Singh is worthy of being noted in future cases wherein he expressed his reservation that due to the distinct nature of the two rights, the legislature did not intend to extend the monopoly granted under the Designs Act by allowing a remedy of passing off after the expiration of the design registration. If it is done it would give the manufacturer undue advantage and lead to overprotection of the design.

I have already discussed this aspect in great detail while arriving at the finding that the very nature of the design right is such which is statutory in nature and provides a protection for the limited period of time.

The common law right or action in deceit in common law in relation such novel shapes which are subject matter of design protection thus cannot be given protection in addition to the statutory right conferred by the Design Act as the same would be undermining the legislative intention and policy for which the design right was conferred upon registrant.

Justice Manmohan Singh opinion in relation to unregistered design right subtly hinted its impact on unregistered designs.

This is due to the reason that the very existence of the unregistered right in common law would make the statutory grant of design right meaningless or redundant.

Giving apt reasoning justice Manmohan Singh concluded: "Once the nature and characteristic of the monopoly is such that it is a true monopoly based on statutory right akin to patent, it is inconceivable as to how there can be any monopoly be available under the common law which can exist besides the registered design right itself as the same would again mean that without disclosing the date of novelty, claim and scope of the monopoly in the design application, any person can claim anything in relation to the shape of the article in common law as a design right without any need to register the same and disclosing the authority about the newness in the shape."

His observations on its effect on expiration of right that "such exposition of the law wherein the designs are protected in common law in addition to the statutory right would defeat the existence of the statutory right itself".

"Additionally, the said common law right of passing off if allowed to be given to the proprietor of the registered design while enforcing his design right would also come in the way of expiration of the monopoly of design right as the said right would never expire and continue to exist in common law."

This is particularly relevant in context of designs where the statutory term of registered design gets over or in cases where the designs are not renewed.

Although it was not stated in context of unregistered designs but it may probably seal the fate of availability of passing off as common law remedy for unregistered designs.

Feature · Industrial Designs

Conclusion

The registration of designs is slowly gaining importance in India as the number of applications are showing upward trend but it still remained as a less preferred low profile IP protection.

Most of the designers shy away from taking registration route to protect their designs. It must be kept in mind that unregistered designs are not protected in India.

Even the attempt to gain protection of unregistered design through a passing off action may fail if the recent cases are taken as precedence. In other jurisdictions like UK, the experience also showed that unregistered design rights are difficult to prove and suffer a shorter shelf lives stigma.

To some businesses like the fashion industry, registered design right are not essential in view of the short life span of their products and the speed with which they develop new products. This belief is no more popular among the top designer as they are now active in the taking the registration route as necessary to stay competitive in fashion industry.

According to them a registered design would not only act as a deterrent for pirates but also it is an easy right to sell or license to interested parties. It also gives them an opportunity to fully register their entire range of designs for the forthcoming events with comprehensive protection.

With the court's ruling becoming stringent and harsh to the infringer and the quantum of damages soaring in design

infringement cases it is being projected in other jurisdiction like US and Canada that one can expect design IP to garner substantial interest in future.

Though comparatively easy to obtain, designs registration is a kind of IP right that is sparsely used in India as compared to patents.

As against 45,444 patent applications filed in India, merely 10,213 odd applications for design registration are filed in India in between 2016 and 2017. In the USPTO, on the other hand 39,097 design patent applications were filed in 2015. One thing that emerge from Indian scenario of design protection usages is that either the designers are not aware of it, or if they are aware they have reservation on its utility for designer products with short life. Arrival of designers like Sabyasachi in Indian design IP landscape as top filer would indeed trigger the fashion industry to make use of design IP to stymie piracy losses.

Designers are critical of the system in place as they often expect intellectual property offices to make more information relating to design registration accessible to designers easily. With the system of e-filing of design application in place design applicants can now be file application online. It is expected that the search facility on the registered designs may also be made available to the public by IPO like patents and trademarks. Such steps with increase awareness drives by IPO would attract creative designers to make use of design registration route to realise full benefits of the design IP of their innovative designs which they in fact deserves.



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