

Copycat Furniture Litigation

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What is 'Intellectual Property' (IP)

- Intellectual Property or IP is an area of law covering 'intangible' property
- Property rights are rights of exclusion i.e. the right to exclude others from the use of the 'property' in question
- In a 'real' property example the classic right is to the exclusive enjoyment of land – to stop others from entering or using that land
- In the case of intellectual property it is the right to exclude others from the use of things such as a particular design, aspect of technology or brand

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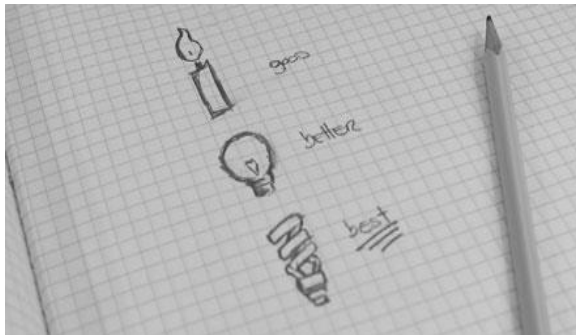
- In the case of IP the ‘property’ is not tangible or visible as with land, but covers things such as:
 - ideas, inventions and aspects of technology (patents)
 - branding and ‘trade dress’ (trade marks, passing off)
 - the ‘look’ of items (design, copyright, passing off, and ‘fair trading’ / trade practices law)
 - ‘secret’ or confidential information, both personal and commercial (trade secrets / duties of confidence)
 - the expression embodied in works as diverse as photographs, movies, novels, music, drawings (including plans or ‘blueprints’), computer programmes, etc (copyright)

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Patents

- Patents are property rights which provide a monopoly to exploit ‘inventions’
- What is an ‘invention’? We still go back to 1623 believe it or not ...
- An invention must be novel, useful and involve an ‘inventive step’ i.e. not be ‘obvious’ to a person ‘skilled in the art’
- Patents are jurisdictionally limited rights – an Australian patent can be enforced only in Australia, a US patent only in the US etc
- There is no such thing as a global patent



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- Patents in furniture might for example concern new adjustment mechanisms, methods or materials of manufacture, or a specialised application e.g. medical
- Aesthetic features of furniture are not patentable but may be protected by other IP rights (designs, copyright, trade marks, consumer law; but note that in the US registered designs are sometimes called ‘design patents’).

U.S. Patent Jul. 25, 2000 Sheet 1 of 10 6,092,870

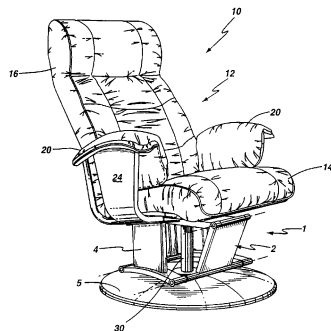
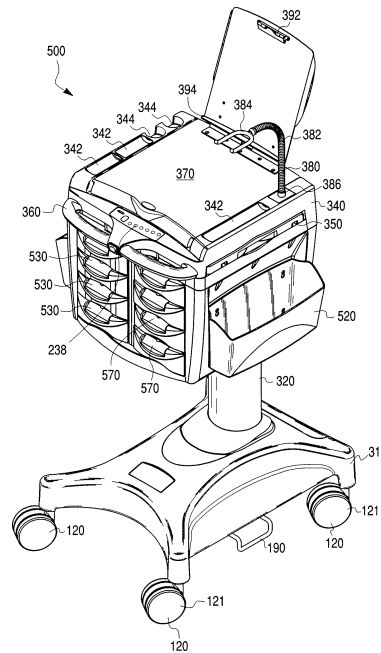


Fig. 1



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Trade Marks

- Trade marks protect 'branding' – usually names and logos, but can also be shapes, colours and even smells
- Much of the long term value of a business may reside in its brand
- Trade marks can be registered and unregistered
- Always better to have a trade mark registered (easier to protect and to sell, licence etc)
- A key part of IP due diligence is to check what trade marks are registered and in what name



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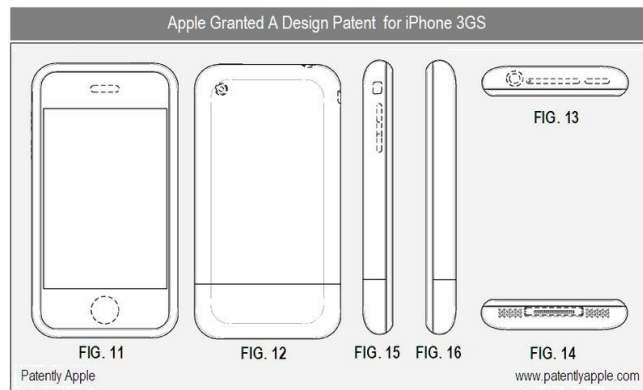
- Several tiers of trade marks may apply in relation to a product, for example the name of the producer and the name of the range
- For example COKE or COCA COLA, DIET COKE, COKE ZERO etc
- Trade mark rights can be used to attack copycat furniture if the copy uses the same or a misleadingly similar trade mark
- All IP rights (IPRs) should be thought of as both ‘sword’ and ‘shield’ i.e. rights you can use or which may be used against you
- As with all IP rights you should check you are free to use the trade mark you propose before investing in it – an inconvenience to have to relabel stock and withdraw advertising if you become aware that you are or may be infringing someone’s trade mark

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Registered Designs

- Registered design protection is available in Australia and New Zealand (and most other countries for that matter)
- This form of IPR protects the unique aspects of the appearance of a product i.e. aspects of its shape, configuration, pattern or ornamentation – ‘industrial design’
- Common examples include things like cutlery or cookware, fashion (dress patterns, printed fabrics), smart phones, and furniture
- You must apply to register a design before you place it on the market or publicly disclose it – it must be *novel*



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Copyright ©

- Copyright rights apply to a very wide range of subject matter including books, photographs, movies, music, software (code as a 'literary work'), sculpture, architectural plans, industrial schematics and 'blueprints' (including design drawings for furniture)
- Think copyright in relation to any 'document' you create or use, regardless of whether it is in hard or soft copy
- Copyright rights subsist automatically upon creation of the work in question –you do not need to register (but you can register in a small number of countries if you wish –including the US).

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- Copyright rights in many countries may be lost or diminished in scope if the work is ‘industrially applied’ – commonly this means if 50 or more units are manufactured
- In Australia it will be difficult or not possible to use copyright in relation to a design that has been industrially applied (the Australian policy being that you should seek a registered design right rather than use the copyright system)
- That is not the case in New Zealand where copyright rights survive industrial application (although they will have a shortened term)
- This is a key difference between Australian and New Zealand law – do not assume the legal outcomes in both countries will be the same

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Customs Notices

- In Australia and New Zealand it is possible to have the Customs service assist in detecting and stopping infringing importations
- A “Customs Notice” enables the Customs service to detain importations which may infringe trade mark or copyright rights
- Once detained the rights holder must take action within a certain period or the goods may be released
- This is a very powerful enforcement mechanism enabling rights holders to cut infringers off and prevent infringing stock hitting the market
- If you are concerned you are looking to import something which may infringe you should check the Customs notices, which are publicly available online

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PGT v ESR

- PGT had a number of Customs Notices in place in NZ in relation to both Trade Marks and Copyright Rights
- ESR (Early Settler) imported furniture which Customs considered to infringe PGT's copyright rights – containers were detained
- (We also have other cases running triggered by Trade Mark Customs Notices – both TM and Copyright notices are powerful tools)
- PGT commenced action in the NZ High Court for (amongst other things) infringement of copyright
- This meant the goods continued to be detained – they could not be released unless and until the court action finished
- In fact the goods were never released – they have now been destroyed

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- In the trial of this matter PGT was able to show that:
 - It owned copyright in the drawings underlying the furniture in question,
 - That the furniture ESR sought to import reproduced the designs in those drawings i.e. the furniture ESR sought to import infringed PGT's rights, and
 - That accordingly PGT was entitled to a range of remedies for that infringement, including delivery up of that infringing furniture for destruction
 - Further remedies against ESR are still being determined

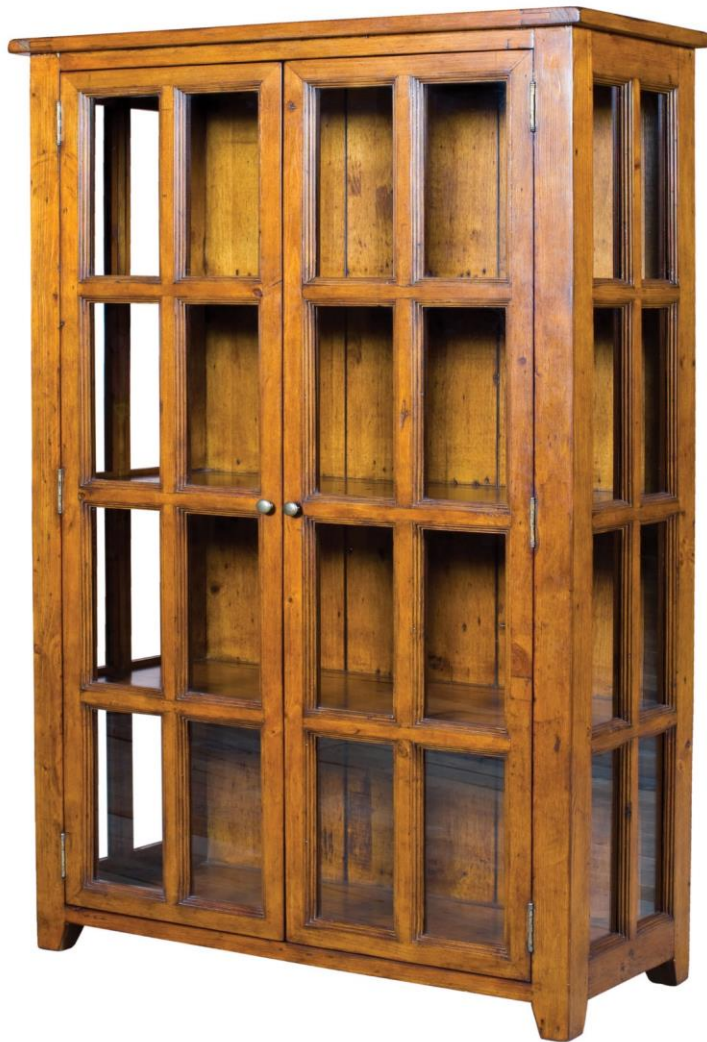
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- Notice that the colour / finish is irrelevant insofar as copyright infringement is concerned – the issue was whether the underlying design had been taken i.e. did the furniture reproduce (all or a substantial part of) the underlying drawings
- There was a strong inference of copying because the source of the infringing furniture was a company run by Mr Craig Morrow (Galaxy); Mr Morrow had worked for PGT previously (and hence had access to PGT's designs)
- Mr Morrow had been due to give evidence at the trial but on the day he was due in Court he in fact left the country (which became known to the Court) – unsurprisingly this did not assist ESR's case

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- In its defence ESR argued that PGT had copied its designs from another source (the “Attic Heirloom Collection” by Broyhill) i.e. that PGT’s designs were not ‘original’ insofar as copyright is concerned
- this was rejected
- Whilst the ESR / Morrow ‘Roseberry’ furniture looked identical (or near identical) to the PGT ‘Irish Coast’ range, the ‘Irish Coast’ range had little or no resemblance to Broyhill’s range (which ESR’s own witnesses essentially admitted under cross-examination)
- ESR’s lawyers tried a number of other technical arguments to avoid liability – these failed
- Whilst the ESR furniture (approximately 5 containers worth) has now been destroyed the remedies phase of the case continues (including the issue of how much ESR may yet have to pay in compensation)

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- Each item of the infringing EST / Galaxy furniture looked essentially identical to the original PGT item
- Collectively the reproduction of items across the range presented a very strong inference of copying
- Mr Morrow's earlier employment with PGT raised the inference he had access to and used PGT's designs
- Mr Ian Burden of PGT gave strong and credible evidence which the Court accepted, including in relation to his work on the designs and their origination; he rejected the suggestion he copied from Broyhill and the Court agreed with that rejection

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- The fact that PGT had Customs Notices in place (for both copyright and trade marks) was extremely helpful in that it enabled :
 - Customs to detect and report the importation to us;
 - Detention of the containers initially and continued detention throughout the case;
 - The goods were never released to ESR, meaning it never got the benefit of sale of the goods while the case was on foot;
 - In fact the goods remained in detention until they were destroyed (including through several rounds of unsuccessful appeals by ESR)

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- To get the greatest benefit from IP rights in this area it is important that you:
 - Understand what IP rights you (or your supplier) possess
 - Secure those rights, including by registering trade marks or designs if appropriate
 - Look into the use of Customs notices – they are a very powerful weapon
 - Keep good records of your designs and your design process – this will help when it comes to proving the content of your rights and that you are indeed the owner (or licensee) of those rights
 - Get advice from a specialist IP lawyer for both offensive and defensive purposes (turning a blind eye will not help)
 - Take steps to enforce your rights

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‘Replica’ furniture

- There has been recent press about the prevalence of ‘replica’ furniture in the market e.g. a ‘replica’ Eames chair
- This refers to furniture in relation to which the relevant IP rights have either expired or have not been secured
- Use of the term ‘replica’ sends the message that the furniture was not manufactured by the original designer
- Failing to use the term ‘replica’ might mean a consumer would be misled into thinking it was in fact original – that would breach consumer / fair trading law
- This approach to ‘replica’ furniture is not the same worldwide – a very different approach has been taken in Europe for example
- If in doubt get advice

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Acknowledgment

- In the PGT v ESR case (and other cases still ongoing) James & Wells has worked closely with Mr Richard Stone of Stone Lawyers, Queensland
- Mr Stone appeared with me at the trial of the PGT v ESR matter and handles a significant volume of work in this area
- We both seek to provide practical and accessible advice to achieve commercial outcomes
- If either James & Wells or Mr Stone cannot assist you we can likely direct to other professionals who can – feel free to contact us

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- James & Wells is an internationally recognised and independent Australasian firm of patent and trade mark attorneys, intellectual property experts and litigation lawyers;
- We represent over 11,000 clients and file patent, design and trade mark applications in over 160 countries through a global network;
- Our attorneys are trained and registered to practice in both Australia and New Zealand;
- We have a large and successful IP litigation team, with a reputation for providing effective representation in NZ and Australia;
- Our attorneys have scientific and technical qualifications in all major subject areas;
- We are the authors of the leading IP text;

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