

Review 2 Pty Ltd v Redberry Enterprise Pty Ltd [2008] FCA 1588

FEDERAL COURT OF AUSTRALIA

KENNY J

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1 On 5 July 2006, Review 2 Pty Ltd (in liquidation) (“Review 2”) was registered as the
owner of Design Registration No 307708 (“the Review Design”) under the *Designs Act 2003*
(Cth) (“the Designs Act”).

2 On 28 February 2007, as part of a corporate restructure, Review 2 transferred its
business and ownership of the Review Design to Review Australia Pty Ltd (“Review”),
which was at that time known as Review Holdings Pty Ltd. On 13 June 2007, Review 2
appointed liquidators for the purpose of a members’ voluntary winding up pursuant to Div 2
of Pt 5.5 of the *Corporations Act 2001* (Cth). This is an action for design infringement and a
cross-claim for design invalidity. For the reasons stated below, I would dismiss both the
action for infringement and the cross-claim for invalidity.

3 Review 2 and Review allege that Redberry Enterprise Pty Ltd (“Redberry”) made,
imported and sold a dress in infringement of the Review Design. Various forms of relief are
sought, including declaratory and injunctive relief, and damages. Three principal questions
arise:

- (1) Has Redberry infringed the Review Design?
- (2) Is the Review Design valid?
- (3) If yes to these two questions, how should damages be assessed?

4 As depicted on the Register and in the Certificate of Registration, the Review Design
is for a sleeveless, cross-over (or fixed-wrap) dress, having:

- a V-neck, made by a cross-over from left to right over a right to left cross-over;
- a left to right cross-over from shoulder to the left side of the waist with gathering on the left side of the waist;

- some gathering on both shoulders;
- figure hugging effect to the waist with a brown ribbon sash tying around a fixed waist;
- a square high back;
- a panelled skirt (3 panels in the front and panels in the back);
- a hem knee-length or below the knee;
- a figure hugging skirt for over half the way to the hem, when it sharply expands, so that the dress at the hem has a ruffled effect; and
- a patterned fabric in natural tones with orange, brown and blue fine ‘fronds leaf’ pattern, with an African or tropical look.

5 Until 28 February 2007, Review 2 was a designer and retailer of women’s clothing, especially for what one of its founding directors described as fashion conscious women in their 20s and 30s. In January 2005, Review 2 operated 12 retail stores where it sold its clothing and accessories under the “Review” name. It also sold its clothing under the “Review” name at about 10 sites within the Myer Grace Bros. stores. At trial in February 2008, Review operated 17 Review retail stores and 23 Myer concessions. Review clothing was sold exclusively in these stores and sites, and was not available elsewhere. Review designed 95% to 97% of the goods that it sold.

6 In July 2005, Ms Jayne Ellis, then a director and designer for Review 2, designed a dress with style number R7811 for retail distribution by Review 2. The design for the dress (“the Review Dress”) was included in a number of representations that were the subject of a design application made by Review 2. The application, which was made on 11 August 2005 pursuant to s 21 of the Designs Act, resulted in the grant of registration for the Review Design. The Registrar recorded the product to which the Review Design related as “ladies garments”. There was no statement of newness and distinctiveness provided. The Review Design was certified as examined on 25 October 2006. A dress made to the Review Design retailed for \$169.95.

7 Redberry is an importer and wholesaler engaged in the wholesale distribution and sale of women’s clothing. On 1 September 2006, an employee of Review 2 attended a store named “Daree Mae” located at the Metcentre on George Street in Sydney and purchased a garment labelled “Redberry” with the style number 63327 (“the Redberry garment”) for \$59.

The applicants allege that the Redberry garment was substantially similar in overall impression to the Review Design.

8 The Redberry garment is a sleeveless fixed-wrap or cross-over dress. The fabric from which it is made crosses over at the neckline (creating a V-neck) in the same way as the Review Design and falls down to the left side of the waist, where it is gathered. The dress has gathering at the shoulders just like the Review Design. The Redberry dress has a fitted waist and a square high back. At the waist, it has a brown satin ribbon as a tie. The skirt is an A-line, being comprised of one piece of fabric at the front and one piece of fabric at the back. The skirt is not fitted and ends at or below the knee. The Redberry dress is chocolate brown with a bold floral pattern of leaves in light cream, peach and brown.

9 When this proceeding was instituted, the applicants joined not only Redberry but also Mitex Australia Pty Ltd (“Mitex”) and Chisada Mimi Jamieson (“Jamieson”), the retailers allegedly involved in the retail sale of infringing garments. The claims against Mitex and Jamieson were later settled and the applicants discontinued the proceedings against them.

10 The solicitors for the applicants wrote to Redberry about the sale and purchase of the Redberry garment on 21 September 2006 and 22 December 2006, before this proceeding was begun. In its amended statement of claim dated 14 August 2007, the applicants alleged that Redberry had, without its licence or authority, made, imported and sold garments embodying a design that was substantially similar in overall impression to the Review Design. In summary, the applicants’ case was that Redberry had bought the Review Dress, sent it to China where Redberry had had it copied, and imported the copied garments into Australia for sale. In opening and closing submissions, both oral and written, and in Amended Particulars of Loss and Damage, both applicants claimed damages (and not an account of profits). I assess their damages claim on this basis since this is how they conducted their case at trial.

11 Redberry admits that the Redberry garment was part of a consignment of 133 identical Redberry garments that Redberry imported and sold in Australia in July and August 2006. It admits a wholesale price of \$20. In its Amended Defence dated 29 November 2007, Redberry denied the balance of the applicants’ claims against it, including that it manufactured the Redberry garments and that the Redberry garments were substantially similar in overall impression to the Review Design. Further, Redberry claimed that, at the

time of the alleged infringement, it was not aware and could not reasonably have been expected to be aware that the Review Design was registered. In its cross-claim, it alleged that the Review Design was invalid.

12 In accordance with orders made on 13 December 2007, the evidence in proceeding VID 287 of 2007 in so far as it relates to the Review Design was also evidence in this proceeding.

INFRINGEMENT

13 The Designs Act, which came into effect on 17 June 2004, replaced the *Designs Act 1906* (Cth). The Designs Act provides for a system of registration for products whose appearance is new and distinctive.

14 The registered owner of a registered design has a number of exclusive rights, during the term of the registration of the design, including to make a product, in relation to which the design is registered, which embodies the design; to import such a product into Australia for sale; and to sell such a product: see the Designs Act, s 10. Design, in relation to a product, is defined in the Designs Act as “the overall appearance of the product resulting from one or more visual features of the product”: see s 5. In the Designs Act, visual feature, in relation to a product, includes shape, configuration, pattern and ornamentation of the product: see ss 7 and 8. These are the features to be borne in mind in forming a view about the overall appearance of the product (in this case, a garment) as it appears on the design register. The Designs Act (in s 7(3)) specifically provides that neither the feel of the product nor the materials used in the product are visual features of the product.

15 Under the Designs Act, a design is a registrable design if the design is new and distinctive when compared with the prior art base for the design as it existed before the priority date of the design: see s 15(1). The prior art base, which is defined in s 15(2), includes designs published within and outside Australia. A design is new unless it is identical to a design that forms part of the prior art base for the design, and distinctive unless it is substantially similar in overall impression to a design that forms part of the prior art base for the design: see s 16(1) and (2).

16 A person infringes a registered design if, during the term of the registration of the design, and without the licence or authority of the registered owner of the design, the person: (a) makes a product, in relation to which the design is registered, being a product that embodies a design that is substantially similar in overall impression to, the registered design; or (b) imports such a product into Australia for sale; or (c) sells or offers to sell such product: see s 71(1).

17 The applicants alleged, and Redberry denied, that Redberry made, imported and sold the Redberry garments. Redberry's stated position throughout the case was that it was an importer and wholesaler engaged in the wholesale sale of women's clothing. This issue does not affect the outcome of the applicants' principal allegation that Redberry has infringed the Review Design. It affects the discussion of s 75(2) of the Designs Act, below.

18 Whether Redberry is a manufacturer, or simply an importer and wholesaler, the Redberry garments will infringe the Review Design if they embody a design that is substantially similar in overall impression to the Review Design: compare the Designs Act, s 71(1)(a). In determining whether a design is substantially similar in overall impression to a registered design, the factors in s 19 fall for consideration: see s 71(3). Section 19 provides:

- (1) If a person is required by this Act to decide whether a design is substantially similar in overall impression to another design, the person making the decision is to give more weight to similarities between the designs than to differences between them.
- (2) The person must also:
 - (a) have regard to the state of development of the prior art base for the design; and
 - (b) if the design application in which the design was disclosed included a statement (a statement of newness and distinctiveness) identifying particular visual features of the design as new and distinctive:
 - (i) have particular regard to those features; and
 - (ii) if those features relate to only part of the design – have particular regard to that part of the design, but in the context of the design as a whole; and
 - (c) if only part of the design is substantially similar to another design, have regard to the amount, quality and importance of that part in the context of the design as a whole; and
 - (d) have regard to the freedom of the creator of the design to innovate.
- (3) If the design application in which the design was disclosed did not include a statement of newness and distinctiveness in respect of

particular visual features of the design, the person must have regard to the appearance of the design as a whole.

- (4) In applying subsections (1), (2) and (3), the person must apply the standard of a person who is familiar with the product to which the design relates, or products similar to the product to which the design relates (the standard of the informed user).
- (5) In this section, a reference to a person includes a reference to a court.

Since there was no statement of newness and distinctiveness in the Review Design application, s 19(3) of the Designs Act applies. In considering whether the design embodied in the Redberry garment is substantially similar in overall impression to the Review Design, the Court is therefore obliged to consider the appearance of the Review Design as a whole, considered by reference to the standard of the informed user.

19 Who is the informed user? Plainly, the informed user must be a person who is familiar with the product to which the design in question relates. Moreover, the informed user must be a **user** of the class of product in question, in this case, ladies' garments, or perhaps, more narrowly, ladies' dresses. A designer or manufacturer of such garments is not an informed user merely because he or she designs or manufactures them. Further, this user is not simply an ordinary consumer: the user must be an **informed** user.

20 The Australian Law Reform Commission's *Report No 74, Designs* (Sydney, 1995), ("ALRC Report No 74") and the Designs Act which implemented it (see Explanatory Memorandum to the *Designs Bill 2002* at 1) borrowed the concept of the informed user from the European Community design law: see ALRC Report No 74, at 5.17 - 5.21, 6.12 and 6.13. ALRC Report No 74, at 5.17, described the informed user as "a person who is reasonably familiar with the nature, appearance and use of products of the relevant kind". ALRC Report No 74 stated (at 5.18):

Defining the informed user. The EC proposed Council Regulation illustrates the concept of the 'informed user'. Under that Regulation it depends on the product as to who the informed user will be. For example, for car spare parts the informed user may be the mechanic or repairer who replaces the part. For consumer items it may be the consumer who buys the item. The EU has said that the informed user means the 'most appropriate assessor of distinctiveness is the person or group for whom the design is intended'. The EU takes the view that an informed user knows the product to which the design is applied or in which it is incorporated and the relevant trade or industry to which it belongs.

ALRC Report No 74 considered that “[d]istinctiveness should be determined by users of the design rather than design experts” (at 5.19). Relevantly, for present purposes, the Report added (at 5.21):

Whether or not a design is distinctive is intended to be an objective test. The court decides the issue by placing itself in the position of an informed user. It is not a subjective test whereby an ‘informed user’ assesses distinctiveness by reference to his or her own knowledge and the court simply adopts the informed user’s assessment. It is still a matter for determination by the court. The informed user describes the standard to be applied not who can give evidence.

ALRC Report No 74 drew these ideas together, saying (at 6.13):

The informed user will usually be the consumer or person using the design article, depending on the nature of the decision, but will not be a design expert. For example, the informed user of car replacement parts may be the mechanic who repairs the vehicle, but for domestic items it may be the consumer.

21 The *Registered Designs Act 1949* (UK) adopted the concept of the informed user, with the consequence that UK courts can provide some guidance in this country. The first useful judicial exposition of the informed user standard in England appears to be that of his Honour Judge Fysh QC, sitting as the UK Patents County Court, in *Woodhouse UK Plc v Architectural Lighting Systems* [2006] RPC 1 (“*Architectural Lighting*”). In *Architectural Lighting*, his Honour (at [50]) defined the informed user as follows:

First, this notional person must obviously be a **user** of articles of the sort which is subject of the registered design – and I would think, a regular user at that. He could thus be a consumer or buyer or be otherwise familiar with the subject matter say, through use at work. The quality smacks of practical considerations. In my view the informed user is first, a person to whom the design is directed. Evidently he is not a manufacturer of the articles and both counsel roundly rejected the candidature of ‘the man in the street’. ‘**Informed**’ to my mind adds a notion of familiarity with the relevant rather more than what one might expect of the average consumer; it imports the notion of ‘what’s about in the market?’ and ‘what has been about in the recent past?’ I do not think it requires an archival mind (or eye) or more than an average memory but it does I think demand some awareness of product trend and availability and some knowledge of basic technical considerations (if any). In connection with the latter, one must not forget that we are in the territory of designs and thus what matters most is the appearance of things; as Mr Davis reminded me, these are not petty patents. Therefore, focus on eye appeal seems more pertinent than familiarity with the underlying operational or manufacturing technology (if any). I feel uncomfortable with analogy to the ‘man skilled in the art’ whose ‘nerd-like’ (and other) attributes seem too

technical: *Technip France SA's Patent* [2004] R.P.C. 46 at [6-12] (CA). (Emphasis original)

The properly informed eye of the court must make its decision as a matter of degree – as a matter of overall impression: see *Architectural Lighting* at [52].

22 In *Proctor & Gamble Co v Reckitt Benckiser (UK) Ltd* [2006] EWHC 3154; [2007] FSR 13 (“*Proctor & Gamble Co v Reckitt Benckiser*”) at [31] et seq, Lewison J (Chancery Division – Patents Court) considered and approved these observations, as did the Court of Appeal: see *Proctor & Gamble Company v Reckitt Benckiser (UK) Ltd* [2007] EWCACIV 936; (2007) 73 IPR 605 (“*Proctor & Gamble*”) at [24], [25], [32] per Jacob LJ, with whom May and Dyson LJ agreed. As Jacob J said (at [28]) “the informed user is alert to design issues and is better informed than the average consumer in trade mark law”.

23 Relevantly to this case, in January 2007, the Design Registrar of the UK Intellectual Property Office cited and applied the *Architectural Lighting* ‘informed user’ analysis in ruling on the validity of a clothing design registration: see *Application by Pauline Ann Walton to invalidate UK Registered Design in the name of Zap Ltd* (UK IPO, 0-027-07, 22 January 2007) (“*Walton*”).

24 In *Walton*, the applicant sought to invalidate a poncho design registered by Zap Ltd (“Zap”) on the grounds that it lacked novelty, in part because it copied her earlier poncho designs: see *Walton* at [3], [32]. Zap defended on the grounds that the basic design of the poncho has long been known, and thus there was limited freedom to design: see [15]. Applying his Honour Judge Fysh QC’s definition of informed user, as approved by Lewison J in *Proctor & Gamble Co v Reckitt Benckiser* (*Walton* at [36]-[37]), the Registrar accepted Zap’s submissions, concluding “I believe that an informed user would be aware that there is limited freedom to design a poncho which is not basically square or rectangular in shape”: see *Walton* at [40]; also at [43]. Based primarily on a difference in neck design, the Registrar found that the Zap design would in fact create a different overall impression on an informed user and thus it was validly registered: see *Walton* at [39]-[45].

25 In Australia, the Australian Designs Office (“ADO”) considered the informed user standard in *Re Application in the name of Apple Computer Inc* (2007) 74 IPR 164 (“*Apple*”) and *Icon Plastics Pty Ltd* [2007] ADO 2 (5 July 2007) (“*Icon*”). In *Icon*, the ADO cited the

ALRC Report but rejected the view that “a notional informed user is a melding of the (probably divergent) views of those who exemplify a range of informed users. A better approach is to say that, in dealing with this jury question, the legislation defines a standard, such that the registrar or the court should postulate the view of a typical member of a sample of informed users”: see *Icon* at [19]. The Registrar concluded that “to apply the standard of the informed user for the purpose of s 19 would therefore be to postulate a user that is ‘reasonably’ informed; not either barely informed, on one hand, or fully expert on the other”: see *Icon* at [21]. *Apple* cited the ALRC Report, this time for the proposition that the informed user standard is objective, and stated the view that an informed user is an **ordinary** intended user of the product made from the design, who is familiar with the product: see *Apple* at [11], [14].

26 In summary, the standard of the informed user is an objective one. In this case, the assessment must be that of a **user** of ladies’ garments, which would include a potential purchaser, either in retail sales (such as a buyer for a fashion store) or at the ultimate consumer level. A designer or manufacturer of ladies’ garments is not, on account of design or manufacturing knowledge alone, an informed user. The notional user must be informed, in the sense that the user is familiar with ladies’ garments. The informed user is not an expert, but must be more than barely informed. The focus for consideration is on eye appeal and not on internal or less visible manufacturing features.

27 There may be a difference in the discussion to date as to what is needed to have the requisite product familiarity. On one view, this familiarity is greater than the information possessed by the average user; on another view, this familiarity is that which is possessed by the ordinary user: compare *Architectural Lighting* at [50] with *Apple* at [14]. The former approach is to be preferred. I doubt that, generally, the ordinary user will be appropriately regarded as an **informed** user. In the present context, women as a class are the ordinary users of ladies’ garments, but not all women have the requisite degree of familiarity to be described as **informed** users. Thus, whilst there will be some women who subscribe to fashion magazines (such as *Vogue* or *Collezioni* that illustrated the prior art in this case) and have particular knowledge of, and familiarity with, fashion trends, there will be many other women who lack such knowledge and familiarity. Precedent and the text of s 19(4) indicate that it is from the perspective of someone closer to the former group that the newness and

distinctiveness of the Review Design and the similarity of the Redberry garments in terms of overall impression must be judged: compare *Architectural Lighting* at [50].

28 In substance, the applicants claim that the Redberry garment embodies a design that is substantially similar in overall impression to the Review Design because, when regard is had to the Review Dress, as depicted on the Register, and the Redberry garment (see PS 6 to the affidavit of Peter Strain of 9 July 2007), the following similarities are manifest:

- they are both sleeveless, V-necked, cross-over or fixed wrap dresses;
- the gathering on the shoulders and the shoulder widths of both garments appears much the same;
- across the upper body, both garments are gathered at the same point on the side seam, having a similar amount of gathering;
- the fitted waist and waist tie appear the same on both garments;
- whilst the skirt on the Review Design dress is panelled and the skirt on the Redberry dress is not, the overall effect is much the same since both skirts fall from a fitted waist and the skirt hem is full; and
- both garments share much the same proportions, since they appear to have much the same shoulder to waist and waist to hem lengths.

29 Ms Ellis stated that, at the time she created the Review Design, she was aware from her research that the popularity of “wrap dresses” was increasing, but that there were problems with the traditional wrap dress, which she sought to overcome in the Review Design. Her evidence was that she came up with a “fixed style” wrap dress, with a number of what she described as ‘distinct’ elements, including a fixed waist, gathering at the waist side seam and shoulders, lining, satin sash, and a knee-length skirt. In relation to the skirt, she stated:

I designed a skirt for the dress which was uniquely shaped to flatter the hips of the wearer. The skirt flips out at the hem giving the garment a voluminous look. The skirt is then fishtailed back at the thigh so that the fabric can swing with the wearer and gives the garment a flowing effect. These features make the garment look like it has been manufactured for a large amount of fabric like a traditional ‘wrap’ dress. These features are achieved by manufacturing the skirt section from 6 gores which are fitted at the waist, tapered at the hip and then fishtailed out towards the hem of the garment.

The Review Dress was made from a jersey knit fabric.

30 Although as a designer, Ms Ellis is not appropriately described as an informed user, her evidence assists in identifying the basis of the applicants' claim on infringement and, to a limited extent, the similarities and differences between the Review Design and the design embodied in the Redberry garments – although much of these were self-evident. Further, her evidence about points of construction and interior similarities and differences not being part of the 'appearance' of the garments are not relevant to the issues of infringement or validity.

31 Ms Ella Mudie also gave evidence, upon which Redberry relied. Ms Mudie had varied experience as a retail sales assistant for a range of clothing and had, for a time, been employed as a fashion buyer and design assistant. Although not in the fashion industry at the time of trial, she was nonetheless in the nature of an informed user and was plainly a careful and truthful witness. Further, whilst Ms Mudie said that she was not in the market for dresses of a kind that did or might embody the Review Design since, as I understand her evidence, they were not to her taste, she fell within the age range of the class of female consumers to which the applicants marketed their garments.

32 Ms Mudie's evidence was that, from her perspective, the overall appearance of a dress was principally determined by style, cut, fit, colour/print, and materials. After a detailed analysis of the Review and Redberry dresses, Ms Mudie concluded:

Overall, I believe that there are two very dramatic visual differences between the Review dress and the Redberry dress. First, the colour and prints of the dresses are very different. I consider that this is significant because the colour and the pattern make an important contribution to the overall impression that each dress creates. Second, due to their construction, the skirt sections of the dresses appear completely different. The panels on the Review skirt create a different type of cut, with the effect that the fabrics fall differently and create a totally different overall impression to what the Redberry dress does with its one panel skirt. Both of these differences are clearly apparent when the Review design is compared with the Redberry dress.

33 The applicants challenged the strength of Ms Mudie's evidence in a number of ways, including that her affidavit was a gloss on her statement as recorded by Clayton Utz on 16 October 2007; that her evidence was compromised by her wrongly comparing the Redberry garment to the Review Dress, rather than the Review Design; that this error was compounded by her trying on the dresses; that she did not allude in her affidavit to the sizing differences between the garments; and that her observation about panelling was a "construction"

observation. Furthermore, according to the applicants, Ms Mudie gave undue weight to differences in fabric pattern.

34 I have taken account of the matters to which the applicants have directed my attention. They are matters to be borne in mind in assessing Ms Mudie's evidence, but I have nonetheless been assisted by her evidence. The role of Ms Mudie's evidence is to assist the Court to decide the issues of infringement and validity by reference to the standard of the informed user. I consider her evidence instructive in this regard. The Court does not, however, simply adopt Ms Mudie's assessment as its own. It must make its own objective determination, bearing in mind her evidence, subject to the matters to which the applicants referred, and the other evidence before the Court.

35 Considered by reference to the standard of the informed user, in deciding whether the design embodied in the Redberry garment is substantially similar in overall impression to the Review Design, the Court must: (1) give more weight to similarities between the designs in question than to differences (s 19(1)); (2) have regard to the state of development of the prior art base for the Review Design (s 19(2(a))); (3) have regard to the freedom of the designer to innovate (s 19(2)(d)); and (4) since only part of the Redberry design is substantially similar to the Review Design, have regard to the amount, quality and importance of that part in the context of the design considered as a whole (s 19(2)(c)). Further, since the design application for the Review Design did not include a statement of newness and distinctiveness, the Court must have regard to the appearance of the Review Design as a whole (s 19(3)).

36 Plainly enough, there are clear similarities between the Review Design and the design embodied in the Redberry garment. The cross-over bodice and V-neck is virtually identical. Both have a fixed waist, with a satin ribbon tie. Both have the same high back. There are also two distinct differences. These are:

- (a) The Review Design skirt is figure-hugging to about half way to the hem, when it expands suddenly and significantly relative to the top of the skirt, giving the hem the ruffled look, to which both Ms Ellis and Ms Mudie referred. This is to be contrasted with the floppy or blousy appearance of the Redberry skirt from the waist to the hem.

- (b) The pattern (including colour) of the Review Design and the Redberry garment are different.

37 As regards the significance of the different skirts, I prefer Ms Mudie's evidence to that of Ms Ellis, which, as counsel for Redberry noted, changed over the course of the proceeding. Ms Mudie's evidence here was consistent with the fact that, in their internal business records, the applicants' specifically described the dress that embodied the Review Design by reference to the cut of its (gored) skirt. In any event, the difference to which Ms Mudie referred is apparent from a comparison of the Review Design and the Redberry garment.

38 If this were all, a finding of infringement might be readily made, since the similarities between the designs are to be given greater weight than the differences (s 19(1)). As noted already, however, the inquiry under the Designs Act is more complex and sophisticated than this.

39 Also, in deciding whether the design embodied in the Redberry garment is substantially similar in overall impression to the Review Design, the Court, standing in the shoes of the informed user, must also have regard to the state of the development of the prior art base for the design. The significance of the similarities and differences between these designs falls to be considered in light of the prior art.

40 There are numerous fixed-wrap or cross-over dresses in the uncontested prior art, including sleeveless dresses with V-necks and cross-over bodices gathered at the side of the waist, including with waist bands or ties: see Prior Art Book, 114, 127, 137, 139, 152, 155, 175, and 179. The applicants challenged the publication date for a Spicy Sugar Catalogue, depicting style J3182RB. Whilst there was some confusion in Ms Dolcel's evidence, I accept the effect of her evidence that the Catalogue was distributed not later than 2004; and that the garments represented in the Catalogue were sold prior to July/August 2005. The design embodied in garment J3182RB also depicted a figure-hugging cross-over bodice and V-neck, with a fitted waist and black tie. It depicted a hip-hugging straight skirt, and the whole garment was shown in a bold pattern of large white hibiscus flowers and leaves on a black background.

41 What differentiates the Review Design from the designs embodied in the prior art (including the Spicy Sugar J3182RB) is the shape and configuration of the Review Design skirt. Even so, the prior art discloses at least one skirt that is not dissimilar in shape to the skirt of the Review Design, although the overall impression between the design embodied in that garment and the Review Design is different. The prior art also makes it plain that pattern (including colour) can be an important visual feature in the designs embodied in the dresses said to exemplify the prior art.

42 Having regard to the prior art and to the Review Design, and taking into account the freedom of the designer to innovate, the informed user would, so it seems to me, be aware that there is limited freedom to design a cross-over or wrap ladies' dress (or similar ladies' garment) other than by reference to the shape of the skirt (as opposed to the cross-over itself), combined with differences in pattern (including colour). In addition, there are significant constraints on designer innovation arising from the nature of the product in question. Designs for ladies' garments are invariably limited by what women customarily wear. By and large, the "dress" has well-recognized conventional limits.

43 Having regard to the prior art and the freedom of the designer to innovate, what gives the Review Design its different overall impression from the prior art (discussed further below), from the perspective of the informed user, is the shape and configuration of the skirt, combined with differences in pattern and ornamentation.

44 This conclusion has significance so far as the question of infringement is concerned, more particularly as the Court, in the shoes of the informed user, must, if (as here) only part of the design is substantially similar to another design, have regard to the amount, quality and importance of that part in the context of the design as a whole. As noted above, save for the pattern (including colour), the top (to the waist) of the design embodied in the Redberry garment is substantially similar (front and back) to the Review Design. Having regard to the prior art and the freedom of the designer to innovate, this part of the Review Design is not the part that, to the informed user, differentiates the Review Design from the prior art in terms of creating a different overall impression. As previously mentioned, what creates the different overall impression is the distinctive Review Design skirt, combined with the pattern.

45 Notwithstanding the direction in s 19(1) and the clear similarities between the Review Design and the design embodied in the Redberry garment, having regard to the directions in ss 19(2)(a), (c) and (d), 19(3) and (4), the informed user would conclude that the design embodied in the Redberry dress creates a different overall impression to the Review Design considered as a whole, principally because of the difference in the shape of the skirts, combined with the differences in pattern (including colour). That is, in this case, s 19(2)(c), considered in light of s 19(2)(a) and (d), operates to modify the effect of s 19(1) of the Designs Act.

46 Accordingly, the informed user would not regard the design embodied in the Redberry garment as substantially similar in overall impression to the Review Design. The applicants' case on infringement therefore fails.

47 The parties differed on the importance of colour in assessing the appearance of the Review Design as a whole. The applicants submitted that, in considering whether or not there was an infringement, the Court should focus on similarity in shape and overall appearance of the garments as three-dimensional products. They submitted that colour was of little moment in this case.

48 Redberry argued that the Court should have regard to every visual feature, including colour, disclosed in the photographs depicting the Review Design as registered. According to Redberry:

[T]he fact that one dress has an orange, blue and brown cross-hatched print and the other is a brown floral dress is a visual feature (and indeed a striking visual feature) that must be considered ...

If the Applicants did not want colour and print to be considered they could have lodged a black and white photograph, or a sketch.

Since the applicants' monopoly was defined by the colour representations they have lodged, then, so Redberry argued, "the different colours and prints of the dresses are parts of the design registration that are [to be] taken into account in assessing substantial similarity". Redberry argued that, by choosing to lodge the design application as they did, the applicants defined their monopoly as including all the colours of the design, the print on the fabric, and the effect of these visual features on the appearance of the design as a whole.

49 What is protected when a design is registered? Design registration protects the overall visual appearance of the product (in this case, the garment) as it appears on the design register. As Ricketson and Creswell note, “‘visual features’ are clearly differentiated in s 7 from other features that might, in a non-legal sense, be thought to be parts of the concept of a design”: S Ricketson and C Creswell, The Law of Intellectual Property: Copyright, Designs & Confidential Information at [20.10].

50 The applicants placed some emphasis on the fact that Parliament did not adopt the recommendation in ALRC Report No 74 that “visual features” should include “colour and surface”: see ALRC Report No 74, recommendation 8, at p 60. As the commentary to the recommendation noted, however, the addition of “colour” to the conventional list that included “pattern” and “ornamentation” was not strictly necessary. Whilst “colour” is not specifically mentioned in s 7 of the Designs Act as a distinct element of “visual feature”, colour might in some instances be regarded as a “visual feature”, having regard to the inclusive formulation of s 7(1) and the continued reference to pattern and ornamentation.

51 Ultimately, it seems to me that what was said in *Smith, Kline & French Laboratories Ltd’s Design Application* [1974] RPC 253 at 261 is as true a guide as any. In this case, Graham J (as the UK Registered Design Appeals Tribunal) said that:

... colour cannot be ignored, though normally differences in colour are unlikely to be important. Colour may or may not make a material difference, depending upon the circumstances and nature of the design in question.

I would adopt this approach in considering designs registered under the Designs Act.

52 The fact that a design is registered in colour through the use of colour photographs (unaccompanied by a statement of newness and distinctiveness) is relevant to determining the extent of the monopoly sought and given. Everything that is shown in the registered design (unless disclaimed in some way) forms part of the subject matter protected by registration. The pattern (including colour) that is shown on the registered Review Design is thus part of what is protected, and is, as the above reasoning indicates, to be accorded some weight. How much weight is to be given to pattern and colour will depend on the nature of the product and the relative importance of the different visual features of the registered design, as viewed by the informed user, having regard to the prior art, and the freedom of the designer to innovate. If colour is important, it will be so because the factors relevant to the registered design lead to

this conclusion. As indicated already, pattern, including colour, is a feature that an informed user would consider has some significance in creating the overall impression of the Review Design, a conclusion borne out by the use of colour photographs to depict the design in the registration application.

53 In the present case, an informed user would, as Ms Mudie's evidence and the prior art showed, regard colour as an element in the pattern that forms part of the overall look of the registered Review Design. The Review Design is depicted on the register in a colour photograph of a store dummy wearing a garment in a patterned fabric in natural tones with orange, brown and blue fine 'fronds leaf' pattern, giving it, as Ms Mudie and Ms Ellis agreed, an African or tropical look. This pattern (and the colour that is part of it) is, however, only one element in the overall impression of the registered design. It is, as previously observed, entirely different from the pattern on the Redberry garment.

54 The applicants claimed that Redberry had made, imported and sold garments copied from the Review Design. Copying is not, however, relevant to the issue of infringement: compare *Proctor & Gamble* at [4] per Jacob J. Copying from registered designs is permissible providing the copying does not result in a product that embodies a design that is substantially similar in overall impression to the registered design.

INVALIDITY

55 A design is a registrable design if the design is new and distinctive when compared with the prior art base for the design as it existed before the priority date of the design: see s 15(1). The expression "prior art base" is defined in s 15(2) and includes designs publicly used in Australia and designs published in a document within or outside Australia. Redberry argued that the Review Design was not validly registered because it was not new and distinctive when compared with the prior art base: see s 16. The Redberry challenge was effectively to distinctiveness rather than newness: see s 16(2). Section 16(2) calls for a determination as to whether the design said to be registrable is distinctive, which means the design is not substantially similar in overall impression to a design or designs forming part of the prior art. The test of substantial similarity here again turns on the considerations set out in s 19 of the Designs Act, to which reference has already been made.

56 Given the previous discussion under the issue of infringement, it suffices to say that the effect of ss 15, 16(2) and 19 of the Designs Act is to frame the following basic test for validity, namely: would an informed user (giving more weight to similarities than differences) consider that the Review Design is substantially similar in overall impression to a design or designs published prior to the registration priority date?

57 As previously noted, however, the specific application of this basic test will vary according to the factors identified in s 19(2) of the Designs Act. For the reasons already stated, these factors will be the prior art base (s 19(2)(a)), the amount, quality and importance of that part of the Review Design considered as a whole that is substantially similar to a design in the prior art base, and the freedom of the designer to innovate. If the Court were not satisfied that the Review Design was a registrable design at the priority date, it would revoke the registration of the design pursuant to s 93(3)(a) of the Designs Act.

58 Redberry relied on the similarities between the Review Design and the designs embodied in the garments that made up the prior art. The evidence established that, for present purposes, the original cross-over wrap dress is attributed to Diane Von Furstenberg, a celebrated American designer. An examination of a depiction of this dress disclosed that, whilst there were some similarities between the design embodied in the so-called Furstenberg dress and the Review Design, there were clear differences, which meant that, from the informed user's perspective, the Review Design created a quite different overall impression to the Furstenberg dress.

59 As previously noted, having regard to the prior art to which reference has already been made and to the Review Design, and taking into account the freedom of the designer to innovate, the informed user would be aware that there is limited freedom to design a cross-over or wrap dress (or similar ladies' garment) and that, for the most part, what gives the Review Design its different overall impression from the prior art, from the perspective of the informed user, is the shape and configuration of the skirt, combined with differences in pattern: see [42]-[44] above. As already noted, there were numerous designs for V-necked fixed-wrap or cross-over dresses in the prior art, both with and without sleeves, but none was substantially similar in overall impression to the Review Design, when judged by reference to the informed user. Thus, for example, the design embodied in the Spicy Sugar garment J3182RB depicted a figure-hugging cross-over bodice and V-neck, with a fitted waist and

black tie, but it also depicted a hip-hugging straight skirt, and a bold pattern of large white hibiscus flowers and leaves on a black background. Having regard to the factors to which s 19(2) and (3) direct attention, the informed user would not consider the Review Design to be substantially similar to it in overall impression. The Review Design might also be thought reminiscent of the design embodied in a garment pictured in the prior art book at 152, which disclosed a cross-over bodice and ruffled hem. Notwithstanding these similarities, differences in the shoulder straps and the overall ‘look’ of the design, including the skirt, combined with differences in pattern (including colour), would lead an informed user to conclude that this design and the Review Design were also essentially different in overall impression. This latter conclusion flows in part from an application of s 19(2)(c), which in each instance requires the Court to consider the amount, quality and importance of the part that is substantially similar in the context of the design as a whole.

60 In the context of ladies’ cross-over dresses, it is very difficult to isolate one feature as new and distinctive in and of itself. In the case of the Review Design, everything that is shown in the registered design forms part of the subject matter protected by registration. As previously noted, this is the look – shape, configuration, pattern and ornamentation – of the whole of the Review Design as disclosed in a colour photograph of the Review dress on the tailor’s dummy. It is these features in combination, particularly the shape of the skirt and the pattern, that make the Review Design different from the designs in the prior art and which satisfy the criteria for registration of newness and distinctiveness. Consideration of the prior art base, the freedom of the designer to innovate, and, in each case, the amount, quality and importance of that part of the Review Design considered as a whole that is substantially similar to designs in the prior art base would lead the informed user to conclude that the Review Design as a whole was nonetheless relevantly different in overall impression from the designs in the prior art base. It follows from this that the Review Design is validly registered, but that the monopoly conferred by registration is closely confined.

61 Indeed, Redberry acknowledged that, if differences between the Review Design and the design in the Redberry garment as regards the shape of the skirt and the pattern (including colour) avoided a finding of infringement, then the likely outcome was that the Review Design was valid but not infringed. This is the conclusion I have reached.

DAMAGES

62 In view of the conclusion I have reached, it is unnecessary to consider the appropriateness of injunctive and declaratory relief. Nor is it strictly necessary to consider the question of damages. Since the matter of damages was argued in some detail, however, I state my conclusions as briefly as I can.

63 In Amended Particulars of Loss and Damage, the applicants sought:

- (a) damages by reason of lost sales in the sum of \$18,919.25, calculated on the assumption that it would have sold 133 units as sold by Redberry and would have done so at a profit of \$142.25 per garment. (Counsel for the applicants conceded, however, that the applicants had not intended to depart from the figure of \$18,679.41 mentioned in opening and in the original Particulars: see transcript 384.)
- (b) damages for the applicants' loss of reputation and position in the Australian market of \$200,000, by reason of:
 - Redberry's copying the Review Design;
 - Redberry's selling the Redberry garment at \$59 – more than half of the retail price at which the applicants sold the Review Dress that embodies the Review Design; and
 - diminution of the applicants' reputation as an exclusive designer of original garments only available through their retail stores and concession sites.
- (c) additional damages of \$400,000 pursuant to s 75(3) of the Designs Act having regard to:
 - the flagrancy of Redberry's conduct as constituted by the closeness of copying and the continued denial of any knowledge of the Review Design and/or copying; and
 - having regard to the apparent business practice of Redberry and/or related entities to engage in copying the garment designs of other designers which have been the subject of previous proceedings against

Redberry for copyright infringement; the subject of copyright infringement claims; or the subject of trademark infringement claims.

64 Damages or an account of profits may, at the plaintiff's option, be granted for infringement: see s 75(1)(b) of the Designs Act. Section 75(2) to (5) further provide:

- (2) The court may refuse to award damages, reduce the damages that would otherwise be awarded, or refuse to make an order for an account of profits, if the defendant satisfies the court:
 - (a) in the case of primary infringement:
 - (i) that at the time of the infringement, the defendant was not aware that the design was registered; and
 - (ii) that before that time, the defendant had taken all reasonable steps to ascertain whether the design was registered; or
 - (b) in the case of secondary infringement – that at the time of the infringement, the defendant was not aware, and could not reasonably have been expected to be aware, that the design was registered.
- (3) The court may award such additional damages as it considers appropriate, having regard to the flagrancy of the infringement and all other relevant matters.
- (4) It is prima facie evidence that the defendant was aware that the design was registered if the product embodying the registered design to which the infringement proceedings relate, or the packaging of the product, is marked so as to indicate registration of the design.
- (5) In this section:
primary infringement means infringement of a kind mentioned in paragraph 71(1)(a).
secondary infringement means infringement of a kind mentioned in paragraph 71(1)(b), (c), (d) or (e).

65 I turn first to the applicants' claim for general damages in an amount of \$18,679.41. I accept that, as Redberry's counsel submitted, on the applicants' calculations, taking account of Mr Strain's evidence, this figure was probably closer to \$15,000 to \$16,000. As will be seen, nothing turns on this.

66 The applicants invited the Court to calculate general damages on the assumption that every sale by Redberry of the Redberry garment should be treated as if it had been a sale by them of the Review Dress. If the Court were to assess damages on the simple assumption that the applicants asked it to make, then the ultimate figure would need to be discounted to reflect the likelihood that the applicants would have made the additional sales had the

Redberry garments not entered the market. I would accept that, as Redberry posited, the likelihood of a consumer who bought the Redberry garment buying the Review Dress instead (if available) was very low, probably less than 10% of the allegedly infringing sales. Furthermore, any assessment of damages would also need to take account of the fact that Redberry's wholesale sales were not in direct competition with the applicants' retail sales.

67 As it is, I reject the submission the applicants have made in this regard. First, on the evidence as it stands, I am not satisfied that the assumption that every sale by Redberry of the Redberry garment should be treated as if it had been a sale by Review is warranted. The evidence shows that the garments were available for purchase by the ultimate consumer at \$59 in the case of the Redberry garment and at \$169.95 in the case of the Review Dress and, in the latter case, only from Review stores or concessions.

68 There is, however, a more fundamental difficulty with the applicants' claim. There is no evidence of lost sales. There is evidence of Review 2's sales of the Review Dress in August 2005 but, whilst there is evidence of repeats of the garment being made and presumably sold, there is no evidence that the Review Dress was on sale a year later, when Redberry imported the Redberry garments from China. There is, therefore, simply no evidence that the applicants' sales were in any way adversely affected by the availability of the Redberry garments. The assumption that the applicants invite the Court to make cannot overcome the more fundamental difficulty that there is no evidence that, at the relevant time, the Review Dress was available for retail sale to consumers. The applicants therefore fail to establish any lost opportunity for sale.

69 The applicants also sought general damages on an alternative basis. As I stated in *Review Australia Pty Ltd v New Cover Group Pty Ltd* [2008] FCA 1589 ("*New Cover*"), in a case of design infringement, general damages may be awarded on the basis of the diminution of the value of the Review Design as a chose in action. The manner in which such damages are to be assessed is discussed in *New Cover* and applies in this case as well. As in *New Cover*, there is no satisfactory evidence as to the sales history of the Review Design, but there is some evidence as to the value to Review of its designs and the image they created. Adopting the approach as outlined in *New Cover*, if it had been necessary to do so, I would have assessed the effect of infringement at the time it occurred (and had it been made out) on the potential market for the Review Dress at \$3,500.

70 In the circumstances of this case, had the claim for infringement been made out, a further question would have arisen as to whether Redberry could successfully invoke s 75(2)(b) of the Designs Act.

71 Kun Ming Liu, Redberry's managing director, secretary and shareholder, gave evidence that Redberry sourced its garments from China, where other persons manufactured them, and imported them into Australia for wholesale sale. Mr Liu's evidence was that Redberry, through its buyer, bought ready-made garments or commissioned garments after having seen the manufacturer's sample. Mr Liu denied that Redberry arranged for the manufacture of any particular garment. He was unable to say, however, whether the Redberry garments in question in this case had been bought ready-made or commissioned after the buyer was given a sample.

72 Mr Liu stated that, at the time of trial, Redberry employed a buyer named Sui Qiang Ke to select garments from suppliers and manufacturers in Guangzhou, but that Mr Ke had not bought the Redberry garment. Mr Liu stated that, between February 2006 and February 2007, Redberry had employed another person based in China to assist Mr Ke, by the name of Qi Hong Wang. Mr Liu's evidence was that Ms Wang had not worked for Redberry since that time and he had been unable to contact her. By implication, it was Ms Wang who had been the buyer for the Redberry garments.

73 There was no evidence, documentary or otherwise, identifying the manufacturer in China of the Redberry garments. Mr Liu sought to explain what might be seen as an evidentiary deficiency by reference to the failure to find Ms Wang. Further, Mr Liu's evidence was that Redberry did not keep records beyond five years (a period corresponding with taxation law provisions). This did not, however, explain the lack of records that would have identified the manufacturer of the Redberry garments since the documents in question would presumably have related to a period less than five years ago. I accept that the deficiencies in the documentary record produced to the Court were thus not adequately explained. These deficiencies weighed against accepting Mr Liu's evidence.

74 On balance, however, whilst there were some unexplained deficiencies and inconsistencies in Mr Liu's evidence, I would ultimately accept his evidence as essentially truthful. The applicants failed to persuade me that I should not do so. As I have said, Mr Liu

was (amongst other things) Redberry's managing director and was knowledgeable about the generality of his company's business. Difficulties with his evidence arose from the fact that he had virtually no facility in English language. I formed the impression that, overall, he gave his evidence truthfully even if this reflected his distinctive and perhaps culturally-conditioned understanding of what had occurred and what was required in answering the questions addressed to him. I accept that Redberry did not employ its employees to make the garments in question. Mr Liu's evidence left open the possibility, however, that Redberry commissioned another person to make the garments to a sample that Redberry's buyer had been shown. Accordingly, had the buyer's direction to make the garments and/or the making of the garments taken place **in Australia**, then Redberry might properly have been regarded as having made the garments in contravention of s 71(1)(a) of the Designs Act. In this event, Redberry would have been liable for a primary infringement, as opposed to a secondary infringement and Redberry would have been unable to rely on s 75(2)(b) of the Designs Act. I discuss below the significance of the fact that, on Mr Liu's evidence, the buyer commissioned the making of the garments **in China**, where the garments were manufactured.

75 Counsel for the applicants argued that, when Redberry called Mr Liu, it called the wrong witness, and that it should have called the buyer, Mr Ke. In relation to the absence of Mr Ke, he relied on the rule in *Jones v Dunkel* (1959) 101 CLR 298 ("*Jones v Dunkel*"). The applicants' counsel argued that the inference as to Redberry's status as a manufacturer might, in the absence of testimony from Mr Ke, be more comfortably drawn against Redberry. I reject this submission. The evidence was that Mr Ke had not bought the garments in question. This being so, it might fairly be thought unnecessary and even inappropriate to call him. In this circumstance, the absence of testimony from Mr Ke does not justify an application of the rule in *Jones v Dunkel*.

76 In this context too, counsel for the applicants relied on the similarity between the Redberry garment and the Review Design, as supportive of the fact that the manufacturer of the Redberry garments had copied the Review Design. This would not, however, provide any evidence that Redberry (as opposed to someone else) made the garments in question. Counsel for the applicants also sought to rely on evidence that the applicants and other persons had alleged on other occasions that Redberry had copied garments and thereby infringed copyright and trade mark. For the reasons explained below, however, I would not regard this evidence as admissible.

As noted above, however, if Redberry's buyer commissioned the making of the garments, the buyer did so in China, where the garments were manufactured. Section 21(1)(b) of the *Acts Interpretation Act 1901* (Cth) provides that, in any Act, unless the contrary intention appears, "references to localities jurisdictions and other matters and things shall be construed as references to such localities jurisdictions and other matters and things in and of the Commonwealth". This provision reflects the common law presumption that statutes are read "as being *prima facie* restricted in their operation within territorial limits": see *Jumbunna Coal Mine NL v Victorian Coal Miners' Association* (1908) 6 CLR 309 at 363 per O'Connor J, discussed in DC Pearce and RS Geddes, *Statutory Interpretation in Australia* (6th ed, 2006) at [5.5]. The effect of s 21(1)(b) of the *Acts Interpretation Act 1901* (Cth) is implicitly acknowledged in s 4 of the Designs Act. Section 21(1)(b) of this Act operates to confine the making or offering to make, with which s 71(1)(a) of the Designs Act is concerned, to a making or an offering to make in Australia (as s 4 of the Designs Act reflects): compare *Hella-Australia Pty Ltd v Quinton Hazell (Aust) Pty Ltd* (1967) 10 FLR 86 ("*Hella-Australia*"), which Gummow J cited with approval in *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495 ("*Carnival Cruise*") at 509. In *Hella-Australia*, Street J refused an interlocutory injunction on the basis that an article did not infringe a registered design under s 30(b) of the *Designs Act 1906* (Cth) unless the design had been applied to the article in Australia. Following *Hella-Australia*, Parliament amended s 30, with the result that the importation and sale of articles to which the design had been applied outside Australia were also infringements: see *Designs Amendment Act 1967* (Cth) ("the 1967 Amendment") and *Polyaire Pty Ltd v K-Aire Pty Ltd* (2005) 221 CLR 287 at 293. Although *Hella-Australia* concerned a provision in the former Act, nonetheless it and the authorities referred to in *Carnival Cruise* and *Carnival Cruise* itself, establish that, absent contrary statutory intent, infringements must occur within Australia. Accordingly, on the evidence, Redberry's liability could not arise under s 71(1)(a) but only under s 71(1)(b), (c), (d) or (e).

In written submissions filed at the Court's request, the applicants argued that s 71(1) of the Designs Act should be construed to have the same effect as under the 1967 Amendment. The text of s 30 as it stood after the 1967 Amendment is significantly different from the text of s 71(1) of the Designs Act. Furthermore, the expression "such a product" in pars 71(1)(b)-(e) of the Designs Act refers to "a product, in relation to which the design is registered, which embodies a design that is identical to, or substantially similar in overall

impression to, the registered design” and does not pick up the territorial limitation in par 71(1)(a), which only applies to making or offering to make. Accordingly, the difficulty that the 1967 Amendment sought to overcome with respect to s 30 of the former Act does not arise with respect to s 71(1) of the current Designs Act.

79 On the evidence before the Court, at the time of the infringement, Redberry was not aware, and could not reasonably have been expected to have been aware, that the Review Design was registered. Redberry thus satisfied s 75(2)(b), with the result that the Court had the discretion that s 75(2) conferred upon it, to refuse to award damages or to reduce the damages that would otherwise have been awarded. Mr Liu’s evidence was that, at the time the Redberry garments were imported in July 2006, he was unaware that design registration was possible for garments such as dresses and that he did not become aware of the registered Review Design until December 2006, when he received a letter from the applicants’ solicitors. I accept his evidence in this regard. Further, in the course of the hearing, the parties stated that they were agreed that:

The representations of registered design No 307708 were first placed on the AU Designs Data Searching facility at about 3.00 AM on 6 July 2006 and that the public could only view those representations from that time.

The importation of the Redberry garments was around 13 July 2006. Counsel for the applicants conceded that it could not be said that within this time the register could reasonably have been searched and understood.

80 Further, I reject the applicants’ submission that a swing tag on the Review Dresses provided a form of notice to Redberry in July 2006 that the Review Dresses might be subject to a registered design. First, the evidence leaves me in some doubt as to whether the Review Dress carried a swing tag claiming design registration when it was sold in August 2005. Mr Strain’s evidence in cross-examination was that the applicants’ garments carried swing tags from around May/June 2005 until around December 2007. According to this evidence, these swing tags noted that “Review Styles are Registered Designs”. If Mr Strain’s evidence were accepted as reliable, then the Review Dresses sold in August 2005 carried swing tags notifying registration. There are, however, difficulties in accepting Mr Strain’s evidence as reliable. He was not specifically asked about the Review Dress and hence gave no specific evidence about the Dress. Also in cross-examination, counsel failed to draw Mr Strain’s attention to the likelihood that there were other versions of the swing tag being used by

Review in 2005, with different wording. Ms Ellis's evidence was even less persuasive. Ms Ellis said in her affidavit that, when it was sold, the Review Dress carried a swing tag notifying that it embodied a registered design. Ms Ellis conceded in cross-examination, however, that she could not in fact recall whether the Review Dress had in fact carried a swing tag of this kind. Her evidence in re-examination made it clear that the matter of swing tags was not within her field of responsibility and knowledge. She identified another person within the applicants' organization who would have had the relevant knowledge of and responsibility for swing tags but this person did not give evidence. In these circumstances, I am unpersuaded that the evidence establishes, on the balance of probabilities, the Review Dress was sold with a swing tag notifying registration.

81 Further, on the evidence of Mr Strain and Ms Ellis, Review 2 was claiming design protection for the Review Design well before it was entitled to do so and before a search of the design register would have disclosed registration of the Review Design. I doubt that notice prior to registration is effective to attract the benefit of s 75(4) of the Designs Act. That is, s 75(4) can operate to make a swing tag marked to indicate design registration prima facie evidence that the defendant was aware of the design registration only when the design has in fact been registered. It follows that the swing tag could not fix Redberry with prima facie awareness that the Review Design was registered prior to registration on 5 July 2006 (notwithstanding that the design had a priority date of 11 August 2005). Moreover, as noted below, there was no evidence that the Review Dress embodying the Review Design was on sale as at July 2006, when the swing tag notification would have attracted s 75(4).

82 In all the circumstances of the case, had I reached a contrary conclusion on infringement, I would have reduced the damages that would otherwise have been awarded to a lesser sum than \$3,500 – the defendant having established that at the time of the infringement (making an assumption contrary to the finding above) that it was unaware, and could not reasonably have been expected to be aware that the design was registered.

83 The applicants sought additional damages under s 75(3) of the Designs Act. I would not regard such additional damages as having been warranted, even if the infringement claim were made out. I refer to the general principles concerning additional damages as outlined in *New Cover* at [53].

84 If Redberry infringed, its conduct in importing and selling the Redberry garments in July 2006 was in ignorance of Review 2's design rights and at a time when the existence of such rights had only briefly been a matter of public record. Redberry's infringing conduct (if this is what it was) could not on any view be considered flagrant: see also [79] above. Redberry apparently ceased the conduct of which the applicants complain when it became aware of their claim and, in any case, before the issue of proceedings. The amount of profit to Redberry was modest – less than \$2000.

85 In substance, the applicants' case on additional damages rested on allegations as to the "the closeness of copying" and that it was "the apparent business practice of Redberry and/or related entities to engage in copying the garment designs of other designers". Ultimately, notwithstanding the submissions of the applicants' counsel to the contrary, I would regard the evidence designed to support these allegations as irrelevant and, therefore, inadmissible. Put another way, the evidence that the applicants sought to have admitted under s 97 of the *Evidence Act 1995* (Cth) is not so admissible because it would not have the significant probative value that the provision requires. Two of the applicants' other garments were the subject of specific cross-examination. PS 10 and PS 13 and PS 11 and PS 14 (being two sets of identical Review and Redberry garments) were put to Mr Liu in cross-examination and he conceded, as indeed he had to do, that they were very much the same. Indeed, they were plainly identical or virtually identical. At most, however, this evidence, if admissible, established that, on at least two occasions, Redberry had imported and sold by wholesale garments that were copies of Review garments. (Other labels were also canvassed in cross-examination, but nothing additional need be said about this.) In the designs context, copying per se is not unlawful, however, and does not establish a design infringement.

86 Further, the applicants' allegations as to other infringements (whether or not the subject of previous settlements) remain simply that; none has been established. It is unnecessary to determine whether the terms of the release precluded the applicants' reliance on the claims the subject of the settlements.

87 The applicants sought to create a picture of interrelated corporate copyists. Whilst some of the companies to which reference was made had previously been related in a corporate sense, none was so related at the time of the alleged infringement, although individual officer holders or employees were related through family ties or marriage. None

of this evidence assists with regard to any fact in issue, because even if interrelated business ventures were assumed (and there was no real evidence of this), the evidence rises no higher than showing a propensity to copy. As stated already, in a designs context, this is not conduct that of itself offends design rights.

88 The nature of the fashion industry and its products as disclosed in the evidence can also be borne in mind. The evidence indicates that copying and adapting the designs of other designers is the accepted modus operandi of designers, including reputable designers, within the industry; and that it is through this process that fashion products are created. Whilst evidence of repeated design infringements might well be a relevant consideration on the question of additional damages, evidence of mere copying is not. The applicants did not make out a case for additional damages.

DISPOSITION

89 In summary, for the reasons stated, I would dismiss the applicants' infringement claim and the respondent's cross-claim for invalidity. The parties shall be given an opportunity to make submissions on costs.