

Elwood Clothing Pty Ltd v Cotton On Clothing Pty Ltd [2008] FCAFC 197

FEDERAL COURT OF AUSTRALIA

LINDGREN, GOLDBERG AND BENNETT JJ

THE COURT:

INTRODUCTION

1 The appellant (Elwood) appeals from a judgment of a Judge of the Court dismissing with costs Elwood's claim for infringement of copyright (see *Elwood Clothing Pty Ltd v Cotton On Clothing Pty Ltd* (2008) 76 IPR 83). Elwood also appeals in respect of her Honour's decision not to order the respondent (Cotton On) to pay Elwood's costs on Cotton On's unsuccessful cross-claim. The cross-claim alleged that Elwood made unjustifiable threats of proceedings for infringement within s 202 of the *Copyright Act 1968* (Cth) (the Act).

2 The hearing of Elwood's claim before her Honour was limited to the issue of infringement. If the appeal succeeds, the proceeding must be remitted to her Honour for the hearing and determination of Elwood's claims for relief.

FACTS

3 The following account of the facts is based on her Honour's reasons for judgment. With respect, her Honour summarised them with admirable succinctness.

4 Elwood designs, manufactures and sells clothing and clothing accessories.

5 Elwood's claim relates to two Designs (her Honour called them "Design Drawings" but we will call them simply "Designs" in order not to pre-empt the issue of whether they are "drawings" and therefore artistic works). The first is called the "NewDeal" design. The second is called the "Vintage Sport Swing Tag" design. The NewDeal design is a computer aided design applied by Elwood to the front and back of the Elwood NewDeal T-shirt. The NewDeal design is an arrangement of words and graphics. The NewDeal design includes both the front and the back. The Vintage Sport Swing Tag design is a design applied to a swing tag or label used in association with a range of Elwood's garments, including the NewDeal T-shirt.

6 The nature of the designs and of Cotton On's works said to infringe them can be seen in the photographs that were annexed to her Honour's reasons for judgment and which are again annexed to these reasons as follows:

Annexure A	Elwood NewDeal T-Shirt – front on the left and back on the right Cotton On Tijuana T-Shirt – front on the left and back on the right
Annexure B	Elwood Vintage Sport Swing Tag – front at the top and back at the bottom Cotton On Swing Tag – front at the top and back at the bottom
Annexure C	Cotton On Kingston T-Shirt – front on the left and back on the right Cotton On Moscow T-Shirt – front on the left and back on the right

7 Her Honour described the NewDeal design and the Vintage Sport Swing Tag design as follows:

- 4 The first design, called “NewDeal,” depicts on its front side the word “Elwood” printed to form a downward-curving arc below the numbers 9 and 6, which are separated and also printed along a similar downward-curving arc. Below these elements is the phrase (printed horizontally in a cursive font) “Durable By Design.” Below that phrase is a stylised logo of a forward-facing bull, underneath which is the word “Trademark” in small print. Finally, there appear the phrases “Raging Bulls” and (in smaller font) “Prepared for Denim” both of which are printed to form an arc curving upward. On the back side appears the number 96 in a giant font below the phrase “Raging Bulls” printed along a downward-curving arc in a cursive font. Below the “96” the bull logo again appears, underneath which are the phrases “Durable by Design” and “Elwood Denims,” both printed so as to form an upward-curving arc. The overall effect of the elements in combination is that of a circular pattern whose centre is roughly in the middle of the phrase “Durable by Design” on the front and the middle of the “96” on the back. The NewDeal design was applied by Elwood to a male style T-shirt, style number EM36413 (“NewDeal T-Shirt”). A picture of the NewDeal design applied to an Elwood T-shirt may be seen in Annexure A.

- 5 The second design called “Vintage Sport Swing Tag,” is a small rectangular drawing that has been applied to a swing tag and two clothing labels which were used on a range of Elwood’s garments, including the NewDeal T-Shirt. The design depicts the word “Elwood” in a cursive font below the phrase “Est 1996,” to the right of which is a circle containing the number 96 below the word “Est” in small print. Below “Elwood” is the phrase “100% Durable by Design,” and below that, in larger print, the phrase “Denims Company.” Finally, on the reverse side of the drawing is the word “Elwood,” again in a cursive font, but with a flourish extending from beneath the “d” back toward the “E” in Elwood. Below that “Elwood” in small print are the phrases “Established 1996 Durable by Design” and “Always Refer to Care Instructions.” The material on the left-hand side of the drawing is printed

running bottom to top; that is, it is perpendicular to the rest of the text, which runs left to right. A picture of the Vintage Sport Swing Tag may be seen in Annexure B.

8 The Cotton On employees who designed the allegedly infringing items conceded that they were directed to create products using both the NewDeal design and the Vintage Sport Swing Tag design as a reference, with the same look and feel, yet different. The designers conceded that the principal, if not the only, difference between the two Designs and the comparable Cotton On designs was in the content of the lettering.

9 Section 32 of the Act provides that subject to the Act, copyright subsists in certain original literary, dramatic, musical or artistic works. Elwood’s case was put on the footing that each of the two Designs was an artistic work. Section 10(1) of the Act provides that an artistic work means, relevantly to this case, “a ... drawing, ... whether ... of artistic quality or not”. The word “drawing” is defined non-exhaustively in s 10(1) to include a diagram, map, chart or plan.

10 In the light of evidence that was given by witnesses called by Elwood of the work that went into producing the Designs, Cotton On conceded that both Designs were “original”. There was, however, a live issue before her Honour as to whether they were original literary works or original artistic works. This issue was also debated on the appeal.

11 Section 10(1) defines “literary work” in an inclusory way (see [45]ff below). Cotton On contends that the Designs are literary works and not artistic works.

REASONING OF THE PRIMARY JUDGE

12 Her Honour recorded (at [8]) that in closing submissions the parties agreed that the case resolved itself into three substantive legal questions which she set out as follows:

- (1) **Artistic versus Literary Works:** Are arrangements of principally literary materials such as the Design Drawings capable of being “artistic works” within the meaning of s 10(1) of the Act?
- (2) **Originality:** If yes to (1), do the Design Drawings display sufficient originality for the purposes of protection as “original artistic works” under s 32 of the Act and what is the scope of that protection?
- (3) **Substantial Part:** If yes to (2), have the allegedly infringing items reproduced a substantial part of the Design Drawings?

13 The primary Judge addressed these three questions in turn:

(1) Artistic versus Literary Works

14 Her Honour referred to the definition of “drawing” found in the Act. She described the Designs as “arrangements of text with graphical elements in a particular pattern; not a representation of an object by a pictorial line” (at [11]). She also referred to the discussion of the term “drawing” by Heerey J in *Woodtree Pty Ltd v Zheng* (2007) 164 FCR 369 (*Woodtree*) at [25], [27] and [28]. In *Woodtree*, Heerey J held that a layout for a box label comprising a photograph and several short lines of explanatory text and numbers was not capable of constituting an artistic work.

15 The primary Judge noted that Cotton On conceded that whether a work will be recognised as an artistic work such as a drawing is highly fact-specific and that no bright line can be drawn (at [13]). She also noted that Cotton On accepted that whether a work is a “drawing” depends on whether it has a visual rather than a “semiotic” function.

16 Her Honour applied the test whether the Designs were designed to convey a “semiotic” meaning (ie were to be read as a text) or rather a “visual look and feel” (ie were to be understood as a design) (at [15]). Her Honour rejected Cotton On’s submission that the Designs were to be read. While she acknowledged that particular elements in the Designs might contain “allusive references”, her Honour thought that the text conveyed at most “an image or impression to be associated with the Elwood brand,” and did not tell a story, give instructions, describe a scene, or convey information about the world or the product (at [15]-[16]).

17 The primary Judge concluded that the Designs performed none of the functions that one would expect of a literary text. She considered that the consumer would purchase the T-shirts “because the selection and arrangement of the various elements (text, colour, font, shape, and so on) has been carefully made to form an aesthetically pleasing visual “look and feel” in the same way that any picture or drawing does” (at [16]).

(2) Originality

18 As noted at [10] above, Cotton On conceded that the Designs were original.

19 The primary Judge, however, posed for herself a question as to “the scope of that which is protected” (at [22]). In doing so, her Honour distinguished between forms of expression which are the subject of copyright protection and ideas which are not.

20 Her Honour then sought to identify the idea or concept of the Designs and, by “deducting” it, to identify that which remained as the protectable expression that attracted copyright protection.

21 Paragraphs [23]-[24] of her Honour’s reasons are important as marking the first of these steps. They were as follows:

23. What is the idea or concept at issue here? One definition advanced by counsel was the “sporty feel” common to college-style athletic wear, which has for decades featured layouts containing a central logo around which numbers are arranged. No doubt this is part of the idea, but I would seek to put it more precisely than that. In so doing, I adopt the evidence of Elwood’s designer Mr Simons, who stated that the underlying concept of the NewDeal Design is that of a central logo surrounded by a V-shaped pattern of arched text, with the distinctive feature of numbers at the shoulder level. The aesthetic theory behind the design was said to be that it accentuates the shape of the male torso by giving the effect of broadening the shoulders while simultaneously narrowing the waist.

24. By adopting this definition (which is perhaps broader than Elwood would wish for), I am effectively narrowing the scope of copyright protection available. That is to say, it follows from the so [sic] defining the underlying concept that Elwood cannot claim a monopoly over all designs featuring the layout described, and that Cotton On, or any other competitor, may ape the basic concept used by Elwood in its design, including by using letters or numbers on the shoulders. To put it another way, in considering whether a potential infringer has copied a substantial part of the NewDeal Design, the bare fact that there is similarity of general layout does not establish infringement (ie the fact that the Cotton On T-shirts also feature a V-shaped pattern of arched text around a central logo does not enter the substantial part calculus). Similarly, I do not understand there to be (nor would I accept) an assertion of a monopoly with respect to a general layout of a swing tag (the unprotected idea behind which might be described as a stylised logo and text running both horizontally and vertically), whose form is in any event in large part constrained by common practice and standards in the garment industry. To be sure, if the Elwood claims were understood or considered at that level of abstraction, they would no doubt fail for the reason proffered by Cotton On – namely, that what was copied was an unprotectible idea.

22 Her Honour acknowledged that as a result of her defining the idea or concept in this manner, the monopoly claimed by Elwood must be identified more precisely as covering only a particular form of expression of the “V-shaped pattern of arched text around a central logo” idea and a particular swing tag design (at [25]).

23 At [25] her Honour emphasised that Elwood’s claim was not for all sport or collegiate type T-shirts, and that the monopoly claimed was a narrow or “thin” level of copyright protection over the particular design.

(3) Substantial Part

24 At [27] her Honour noted that having excluded from consideration the unprotectable ideas, she was required to consider whether there was anything left in the Designs that was an expression of those ideas and, if so, whether Cotton On had copied a substantial part of them. Her Honour thought it clear that to the extent that the Designs had any distinctiveness as compositions, their distinctiveness depended on “the precise selection and arrangement of the various design elements giving expression to the underlying ideas described [earlier]”. She said that the principal design elements were: (1) the font and size of the text; (2) the degree of arc in the text; (3) the relationship between the sizes of the elements; (4) the precise size of the central logo; and (5) the ordering of the elements (by way of example, her Honour said that the front of the NewDeal design followed the pattern numbers on the shoulders with large block font text, then cursive font text, then logo, then block font text, then again block font text). Her Honour stated (still at [27]):

In other words, the task for the Court is to compare the allegedly infringing products to the Design Drawings and see whether the Cotton On products substantially copy those elements.

25 The primary Judge referred next (at [28]) to various items of text which were not common as between the Designs and Cotton On’s garments. She referred to Cotton On’s submission that the words and the numbers used were different, that the central devices were distinct and that there were differences in the fonts.

26 Her Honour listed (at [31]-[33]), by reference to the case law, the principal factors relevant to the circumstances of the case: factors which mark the relationship, and distinction, between the concept of a “substantial part” of a work and the underlying (and unprotected) ideas or concepts.

27 Turning (at [35]) to the circumstances of the present case, her Honour noted that in the case of the NewDeal design, the one integer that Cotton On admittedly had taken was the “shape and form of the graphic”. However, she considered that while the shape and form of the graphic was the “essential or material” idea that underpinned the creation of the copyright work, what

had been taken was the idea and not a substantial part of the work itself. Her Honour referred to *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] FSR 121.

28 The primary Judge concluded (at [36]) that what Cotton On had taken and adapted was “the idea of the V shaped graphic and the placement of the text and symbols within that V shaped graphic”. Cotton On had not, however, copied the NewDeal text or symbols, and her Honour noted that the NewDeal and Cotton On T-shirts did not make the same visual impression on her because the differences in text, symbols and colours mattered.

29 Turning to the Vintage Sport Swing Tag (at [38]), her Honour again noted that the “form, shape and placement of the graphics was taken by Cotton On”. She also accepted that the shape of the graphic was important or crucial to the ticket’s design and success. However, as in the case of the NewDeal print, what Cotton On had (admittedly) taken, her Honour thought, was one integer of a series of integers which together constituted the copyright work, and the integer taken was the idea and not a substantial part of the artistic work.

30 For the above reasons, her Honour dismissed Elwood’s proceeding.

Cross-claim

31 Cotton On’s cross-claim (see [1] above) arose out of correspondence from Elwood’s solicitors threatening the institution of legal proceedings for infringement. Her Honour observed (at [42]) that the time between the making of the threats and the commencement of the proceeding by Elwood was short, and that there was no evidence of any damage caused to Cotton On in the intervening time.

32 Her Honour noted that Cotton On had not demonstrated that there was any utility in a declaration or injunction under s 202(1) of the Act once Elwood’s claim for infringement was dismissed.

33 The primary Judge therefore dismissed the cross-claim but said that she would make no order as to costs in relation to it. Her Honour gave no reasons for not making such an order – a matter of which Elwood complains in its notice of appeal.

CONSIDERATION

A question of approach

34 We would respectfully caution against seeking to apply the idea/expression dichotomy prior to consideration of the issue of infringement. Her Honour introduced the distinction at an early

stage when seeking to identify what was the original artistic work that was protected (see [19]ff above).

35 While the idea/expression dichotomy is basic to the law of copyright, it is a difficult one, particularly in the case of artistic works. What principles are to govern the demarcation? The “idea” underlying a copyright work can plausibly be identified at different levels of generality. The higher the level of abstraction, the more that is left as protectable expression. The lower the level of abstraction, the less that is left as protectable expression. Her Honour acknowledged that this was so at [23] and [24] of her reasons (set out at [21] above).

36 In the paragraphs just referred to, her Honour mentioned as possible candidates for “the idea or concept at issue”, (1) “the “sporty feel” common to college-style athletic wear”, (2) “layouts containing a central logo around which numbers are arranged”, and (3) “a central logo surrounded by a V-shaped pattern of arched text, with the distinctive features of numbers at the shoulder level”, which was said to accentuate the shape of the male torso. The second and third of these clearly contain elements of expression.

37 A difficulty associated with the idea/expression dichotomy is that the choice of the level of abstraction is subjective and uncertain. Mr Simons’s identification of the underlying concept (see [21] above) was not conclusive.

38 By eliminating from consideration that which the primary Judge characterised as idea or concept, she was erroneously led to proceed on the basis that the protected copyright work was something less than the whole of the work, that is to say, the whole of each of the respective Designs including the layout. The “work” is the whole of the Design, enclosed by a notional circumferential boundary which encloses all of the various elements, and, whether “drawn” or not, the vacant space between them.

39 In *Knitwaves Inc v Lollytogs Ltd (Inc)* 71 F3d 996 (2d Cir 1995), the United States Court of Appeals rejected a suggestion that the District Court had erred by comparing two sweater designs **as a whole**. In that case, Lollytogs had argued unsuccessfully that “[i]nstead of comparing the sweater designs as a whole ... the court should have “extracted the unprotectable elements” ... and compared only the sweaters’ distinctive elements” (at 1002-1003). In rejecting this approach, Oakes J stated that the court was not required “to undertake so mechanical and counterintuitive an exercise” (at 1003).

40 It is true that her Honour returned to the idea/expression dichotomy when dealing with infringement, but by that stage she had excluded from consideration that which she had earlier classified as “idea” and “concept”.

41 We respectfully agree with the Full Court in *Metricon Homes Pty Ltd v Barrett Property Group Pty Ltd* (2008) 75 IPR 455 (*Metricon*) at [23] where their Honours said that the correct approach in an action for an infringement of copyright is:

- (1) to identify the work in suit in which copyright subsists;
- (2) to identify in the alleged infringing work the part taken (ie derived or copied) from the work in suit; and
- (3) to determine whether the part taken constitutes a substantial part of the work in suit.

42 We would elaborate on the three tasks referred to in *Metricon* as follows.

- (1) The first task arises from s 32 of the Act which directs attention to the putative copyright work. There must be a work that is a literary, dramatic, musical or artistic work, and that is in this respect original. There must also be the requisite connection with Australia that is identified in the section. The work is a physical thing with boundaries (see [38] above). The only issue in this part of the present case is whether the admittedly original Designs are artistic works or literary works. Elwood accepts that if, as Cotton On contends in its notice of contention, the Designs are not artistic works but literary works, there was no infringement.
- (2) The second task directs attention to the putative infringing work. What does it reproduce from the copyright work? As is well known, reproduction necessitates both sufficient objective similarity between the copyright work and the work said to infringe, and a causal link between the two. In the present case, there is no substantial issue over this question. Cotton On reproduced the layout, positioning of elements, aspects of the font, overall pattern, and the “look and feel” of the Designs, but not the content of the same words and numbers.
- (3) The third task raises “the substantial part” issue – a qualitative, not a quantitative question. Were the parts of the Designs that were reproduced by Cotton On substantial parts of the Designs regarded as *artistic* works? Did Cotton On reproduce that which

made the Designs *original artistic* works? It is at this point that it may be appropriate to explain that it has not done so because it has taken only an underlying idea or concept.

43 We propose to address the three issues in turn as they arise in the present appeal.

(1) *What were the Designs and were they original artistic works?*

44 By its notice of contention, Cotton On argues that the Designs were “original literary works” rather than “original artistic works”.

45 As noted at [9] above, for the purposes of this case the definition of “artistic work” in s 10(1) has the effect that an artistic work *is* a drawing. “Literary work” is defined in s 10(1) as follows:

literary work includes:

- (a) a table, or compilation, expressed in words, figures or symbols; and
- (b) a computer program or compilation of computer programs.

46 We agree with Cotton On that the definition of “literary work” suggests:

that literary works typically will be expressed in some form of notation or code (as in the case of computer programs) and that the information contained within them will be comprehended by a human addressee through the process of reading.

47 In relation to the concept of a “drawing”, Heerey J, in *Woodtree* (at [25]), quoted from Ricketson S, *The Law of Intellectual Property, Copyright, Designs and Confidential Information* at para 7.365:

Essentially, a drawing is a two-dimensional work in which shapes and images are depicted by lines, often without colouring.

Of this description of a drawing, his Honour stated (at [26] and [27]):

I would agree that this is the ordinary meaning of the term “drawing”. The *Macquarie Dictionary* gives us several definitions of the noun “drawing”:

...

- 2. *representation by lines; delineation of form without reference to colour.*
- 3. *a sketch, plan, or design, esp one made with pen, pencil, or crayon.*

In the context of the visual arts, the traditional distinction has been between paintings, which are coloured, and drawings, which are monotone, usually, but not always, black upon white. The statutory definition, particularly by its inclusion of maps, makes it clear that for the purposes of the Act something may be a drawing notwithstanding that it is coloured. However, the essence of a drawing remains the concept of a representation of some object by a pictorial line.

48 It is true that in many of the cases, drawings have been of things that already existed or were to be brought into existence: see, for example, *Dorling v Honnor Marine Ltd* [1964] [1965] Ch 1 (drawings of parts of a boat); *L B (Plastics) Ltd v Swish Products Ltd* [1979] RPC 551 (drawings of plastic drawers); *S W Hart & Co Pty Ltd v Edwards Hot Water Systems* (1985) 159 CLR 466 (drawings of parts of a solar energy hot water system); *Interlego AG v Croner Trading Pty Ltd* (1992) 39 FCR 348 (drawings of toy bricks).

49 In our view, however, a drawing does not necessarily represent something that exists or is to exist in the real world. There can be a drawing in the form of a pattern, using shapes, colours and other elements in order to give pleasure, or simply (as here) to attract attention and to convey a visual impression – a certain “look and feel”. It is not inconsistent with Heerey J’s understanding of the meaning of a “drawing” expressed in *Woodtree* to suggest that the object represented by the pictorial line may be a shape, form or pattern that is not a recognisable image, and may be in an abstract style.

50 We would adopt the following extract from [12] of the primary Judge’s reasons:

[There is] a body of case law, which establishes that (1) whether a work will be recognized as an artistic work such as a drawing is highly fact-specific, such that no bright-line rule can be drawn; and (2) the important principle in deciding whether the work is a “drawing” is whether the work at issue can be said to have a visual rather than “semiotic” function: *Miller & Lang, Limited v Polak* [1908] 1 Ch 433 (concluding that decorative wording and designs on Christmas cards were drawings for the purpose of the *Fine Arts Copyright Act 1862* (UK); *Roland Corporation & Anor v Lorenzo & Sons Pty Ltd* (1991) 33 FCR 111 (holding that two logos consisting of a single letter each, “R” and “B,” designed in a certain way were eligible for copyright protection as they were drawn with care and to obtain an effect); *Anacon Corporation Ltd v Environmental Research Technology* [1994] FSR 659, at 662 (suggesting that a circuit diagram depicting how components were to be connected together could be an artistic work because it is “a thing to be looked at in some manner or other [and] is to be looked at in itself”); *Lott v JBW & Friends Pty Ltd* (2000) 76 SASR 105 (finding that a “graphic bar” consisting of four words in a woodcut design or font that was selected from a computer program was a drawing within the meaning of the Act because it was not so simple that the time and effort in designing the graphic design could be ignored); *Australian Chinese Newspapers Pty Ltd v Melbourne Chinese Press Ltd* (2003) 58 IPR 1 at [107] (holding that a calligraphic rendering of a Chinese character used in a

newspaper masthead was capable of constituting a “painting” under the Act because Chinese calligraphy is a visual art and played “an important cultural and aesthetic role in Chinese life of ancient origin”); *Woodtree Pty Ltd v Zheng* (2007) 74 IPR 484 (holding that a layout for a box label comprising a photograph and several short lines of explanatory text and numbers was not capable of constituting an artistic work).

51 As noted at [38] above, the boundary of the NewDeal design is a notional circumferential boundary enclosing all of the symbols, numbers, words and images (and the space between them), that appeared on the front and back of the NewDeal T-shirt.

52 It is not clear what meaning the words and numbers were intended to convey. What was the intended meaning, for example, of “Durable By Design”, “Raging Bulls” and “9” and “6”?

53 Words conveying a semiotic meaning can form part of a drawing. In *Millar & Lang Ltd v Polak* [1908] 1 Ch 433, the works held to be drawings included more meaningful words such as “Greetings”, “Friends ever”, “Good luck”, “Lest we forget” and “For old times sake” in a distinctive form within an ornamental oval or circular scroll. Similarly, in *Lott v JBW & Friends Pty Ltd* (2000) 76 SASR 105, Mullighan J held that a graphic bar with the words “Opera in the Outback” was a drawing. His Honour said (at [14]):

The graphic designer had to create a design and make choices about the layout, font, colour and dimensions of each part of the design. Having perused the graphic bar, I do not regard it as so simple as to deny copyright. As was the case in *Roland Corporation*, the graphic bar was designed and drawn with care to obtain effect. The selection of the font from a computer program is no less creative than manual drawing...

54 In *Roland Corporation v Lorenzo & Sons Pty Ltd* (1991) 33 FCR 111, Pincus J held to be drawings certain stylised representations of the letters “R” and “B”. In *Woodtree* at [29], Heerey J thought it clear that a letter or letters of the alphabet can provide the subject matter of a drawing, and referred to the illuminated manuscripts of medieval works such as the Book of Kells. His Honour held that text itself did not constitute a drawing (at [28]).

55 In the present case, two views call for consideration. One view is that the text (words and numbers) is so insubstantial as not to constitute a literary work and forms part of a single artistic work. The alternative view is that both an artistic work and a literary work are present in the Designs, the artistic work comprising the arrangement, layout and pattern, and the literary work consisting of the words and numbers, but considered without regard to their layout, arrangement and pattern.

- 56 It has been recognised in two “circuit diagram” cases that the one work can comprise both an artistic work and a literary work: *Anacon Corporation Ltd v Environmental Research Technology Ltd* [1994] FSR 659 per Jacob J at 663 and *Audrey Max Sandman v Panasonic UK Ltd* [1998] FSR 651 per Pumfrey J at 657-658; but contrast *Electronic Techniques (Anglia) Ltd v Critchley Components Ltd* [1997] FSR 401 per Laddie J at 413-414.
- 57 We prefer the view that in the present case there is a single artistic work of which the words and numbers, including their size, font, placement and spatial relationships with other elements, form a part. Such semiotic meaning as the words and numbers convey (they do convey such meaning to some extent, being well recognised symbols that “stand for” something else) is so insubstantial and vague that they do not constitute literary works.
- 58 Like the primary Judge, we do not think it an adequate account of the Designs to say that they are meant to be read. The expressions “Durable By Design” and “Raging Bulls” and the numerals “9” and “6” are meant to be read but that for which they stand is elusive and unimportant. Their importance is in the support they give to the “look and feel”.
- 59 Dr Ricketson submitted that the “verbal messages” include references to the Chicago Bulls basketball team and the film Raging Bull. These references, it was argued, “are intended to evoke a team concept that males are particularly desirous to have”. The latter statement may be true; however this significance attaches to the words and numbers only when they are considered as part of the NewDeal design as a whole. What meaning would they convey, it may be asked rhetorically, taken out of that context? To the extent that the words and numbers evoke a “team concept”, they do so because they are elements in a layout which itself has the look and feel of college-style sporting team wear.
- 60 To the extent that the words and numbers convey some semiotic meaning, it is trifling when compared with, to use her Honour’s words, “the selection and arrangement of the various elements (text, colour, font, shape, and so on)” (at [16]). The drawing, so constituted, makes a visual impression notwithstanding the presence of the words and numbers. Alternatively, the text may be appreciated visually. In *Millar & Lang Ltd v Polak* [1908] 1 Ch 433 and *Roland Corporation v Lorenzo & Sons Pty Ltd* (1991) 33 FCR 111, the literary elements were treated in such a way as to provide a visual effect which transcended the letters and figures involved.
- 61 There is a strong artistic element in the NewDeal design. We refer, on the front of the shirt, to the size, style and separation of the digits “9” and “6” on the respective shoulders, the ellipse

formed by the “ELWOOD”, the “Raging Bulls” that surrounds the cursive “Durable By Design” and the bull’s head trademark; on the back of the shirt to the ellipse formed by the cursive “Raging Bulls” at the top and the two lines “Durable By Design” and “Elwood Denims” at the bottom enclosing very large digits “9” and “6”, and the small bull’s head trademark; and to the overall “V” shape on the front and the less pronounced “V” shape on the back.

62 In our respectful opinion, the work on the NewDeal T-shirt, front and back, is an artistic work. The artistic quality of the work consists of the layout, balancing, form, font, positioning, shaping and interrelationship of the various elements. Any meaning conveyed by the numerals and text is so obscure, subjective to the reader and subservient to the artistic aspect that the numerals and text do not amount to a literary work.

(2) What did Cotton On reproduce from the Designs?

63 The primary Judge found that the principal, if not the only, difference between the Designs and the Cotton On products was in the content of the lettering and numbers. Her Honour noted that Cotton On had “admittedly and blatantly copied one integer of a series of integers which together constitute[d] the copyright work”, namely, “the shape and form of the graphic” (at [35]) or the V-shaped graphic and the placement of the text and symbols within that V-shaped graphic (at [36]) (in the case of Elwood’s Vintage Sport Swing Tag her Honour referred to the “form, shape and placement of the graphics”). However, as noted at [27] above, her Honour characterised that underlying “idea” as not being a substantial part of the copyright work.

(3) Was that which Cotton On reproduced from the Designs a substantial part of the Designs?

64 Her Honour noted that Cotton On had not copied the text or the symbols on the NewDeal T-shirt. She felt that the Cotton On T-shirt prints made a different impression on her from that made by the NewDeal T-shirt prints. Her Honour said (at [36]):

The text and symbols matter. The colours matter. Similarly, unlike Finkelstein J in *Autocaps* [a reference to *Autocaps (Aust) Pty Ltd v Pro-Kit Pty Ltd* (1999) 46 IPR 339], I cannot say that what is conveyed by the two prints is the same – it is not.

65 It may be readily accepted that the content of the text and symbols distinguish Cotton On’s T-shirts from the NewDeal T-shirt, and that “[t]he text and symbols matter”. The question, however, is whether Cotton On reproduced a substantial part of Elwood’s original artistic work. This is the point made by Lord Hoffmann in *Designers Guild Ltd v Russell Williams (Textiles)*

Ltd [2000] WLR 2416, a “fabric design” case. His Lordship considered how the issue of substantiality should be approached (at 2420-2421):

[The question] is whether the features which the judge found to have been copied from *Ixia* formed a substantial part of *Ixia* as an artistic work ... why, in answering that question, should it be relevant to consider whether *Ixia* did or did not look like *Marguerite*?

66 It is trite that what is a “substantial part” for present purposes is not identified quantitatively, but qualitatively: *S W Hart & Co Pty Ltd v Edwards Hot Water Systems* (1985) 159 CLR 466 at 474 per Gibbs CJ; *Autodesk Inc v Dyason (No 2)* (1993) 176 CLR 300 per Mason CJ (in dissent) at 305; *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 WLR 277 per Lord Pearce at 293. More particularly, it is identified by reference to what elements made the copyright work an **original artistic** work. In *Autodesk Inc v Dyason (No 2)* (1993) 176 CLR 300, Mason CJ (in dissent) observed that in determining whether the quality of what is taken makes it a “substantial part”, it is important to consider whether the taken portion is an “essential” or “material” part of the work. His Honour stated, further, that “the essential or material features of a work should be ascertained by considering the originality of the part allegedly taken” (at 305). This statement was approved in *Data Access Corporation v Powerflex Services Pty Ltd* (1999) 202 CLR 1 at [83]-[84]. In the present case, what made the Designs original artistic works was the combination of the artistic elements of the Designs that were listed earlier.

67 Andrew Gillott, the Managing Director of Elwood, who had worked in the fashion industry since 1982 and as a fashion designer since 1988, gave detailed evidence concerning the production of the Designs. He said that the design process commenced early in 2006 – around mid-January. The NewDeal design was derived from Elwood’s own earlier successful T-shirt called the “96ers T”, which had been first sold to customers in January 2005. The 96ers T-shirt had borne the numerals “9” and “6” on the respective front shoulders, the arced word “ELWOOD”, the cursive “Raging Bulls”, and the bull’s head trademark as well as the words “Durable Denims Co”.

68 Mr Gillott said that as soon as the 96ers T-shirt entered the retail market place it performed exceptionally well and continued throughout 2005 to be a very popular style. Mr Gillott thought it important, however, to update the 96ers design and to create what he described as “a new version for our market”. The process of updating the 96ers print to the NewDeal print

commenced in January 2006 and involved a course of communication between Mr Gillott and Mr Simons.

69 Mr Gillott said that he drew a sketch with the draft shapes and forms (the initial draft) which he handed over to Mr Simons, with a brief to articulate what he had sketched. Mr Gillott wished to retain the numerals on the two shoulders, the overall V shape and the arcing of the script on the back. As well, he wished to retain the bull's head trademark. He asked Mr Simons to introduce some curved sections of type, to make some changes to the presentation of the bull's horns, to create new letter forms, and to devise new ways of presenting the branding. He also wished to accentuate the overall V shape.

70 Mr Gillott said that he and Mr Simons tried to achieve a "balance" of the six elements on the front and the five elements on the back, and the proportion they bore to one another. He estimated that there were at least 10 to 15 printouts by Mr Simons on which he (Mr Gillott) wrote his comments and his "scribbles". He said that the entire process took a good two weeks, but no more than three weeks, from the time he handed over his initial draft to Mr Simons.

71 Mr Gillott described Elwood's design procedure. He said that the form and shape was settled upon first, and the "type elements", "wording and text elements", last. It was after that two to three week period that attention was directed to finalising the wording and text. Mr Gillott said that "once we're down to inputting the words that we would like in the art, that happens quite quickly". He explained that it took no more than two days to put those elements into the design, because he "already had the ideas to carry "Raging Bulls" through", and the expression "Durable by Design" was Elwood's "core logo". He said that once those elements were introduced, he signed off on the NewDeal print and it took no more than two days for production to commence.

72 The NewDeal shirts were offered for sale in July 2006, although Mr Gillott thought that there were some earlier deliveries in June 2006.

73 Mr Gillott's evidence recounted above, which was not contradicted, was to the effect that by far the greater part of the effort, skill and time involved in designing of the NewDeal T-shirt was devoted to layout rather than with the choice of words and numerals.

74 There are obvious similarities between the 96ers and the NewDeal design but the NewDeal design contained artistic expressions of an underlying idea that were not found in the 96ers. Mr Gillott and Mr Simons introduced the following features:

- curved sections;
- some changes to the presentation of the bull's head trade mark;
- new letter forms;
- accentuation of the overall V shape;
- a balance of the six elements on the front and the five elements on the back; and
- changes in the proportions borne by the respective elements to one another.

By taking these features of the NewDeal design or layout, Cotton On reproduced something that was or included a substantial part of that design or layout.

A recapitulation

75 At [15], when addressing the artistic v literary work issue, her Honour said that the Designs were calculated to convey “a visual look and feel” rather than to be understood (read) as conveying “semiotic” meaning. In the same vein, at [16] her Honour said that consumers would purchase the NewDeal T-shirts because the selection and arrangement of the various elements (text, colour, font, shape, and so on) had been carefully made to form an aesthetically pleasing visual “look and feel”.

76 In our opinion, the layout and the elements referred to by her Honour that gave rise to the “look and feel” and resulted in the creation of an artistic work were matters of expression, not merely matters of idea or concept. The look and feel arose from the selection, arrangement and style of the elements regarded as a whole.

77 Having erroneously attributed to the category of idea or concept that which was in our view expression, her Honour was forced, when identifying that which was expression, to descend to “the **precise** selection and arrangement of the various design elements” (our emphasis) (at [27] – summarised at [24] above). Her Honour was therefore able to find, and did find, that differences in words and numbers, devices and fonts, were sufficient to avoid infringement.

78 Cotton On took Elwood's layout that gave rise to the “look and feel”. We referred to various “candidate concepts” at [36] above. Whatever concept is chosen, the means of its expression was the layout, the selection, arrangement, and style of the various elements, as previously described, with the very objective of creating the particular look and feel. Even though the logo and numbers were different, by taking the layout and other elements of expression that created the desired “look and feel”, Cotton On took a substantial part of the copyright work.

79 Artistic works conveying a “total concept and feel” have been protected in cases in the United States: see *Nimmer On Copyright* (LexisNexis, looseleaf) Vol 4 at §13.03[A][1][c] pp 13-43-13-48; *Goldstein on Copyright* (Aspen Publishers, 3rd ed) Vol 1 at §2.11.1 pp 2:116-117; *Roth Greeting Cards v United Card Co* 429 F2d 1106 (9th Cir 1970) at 1110; *Sid & Marty Krofft Television Productions v McDonald’s Corp* 562 F2d 1157 (9th Cir 1977) at 1166-67; *Knitwaves Inc v Lollytogs Ltd (Inc)* 71 F3d 996 (2d Cir 1995) at 1003-05.

80 We accept that the notion of “total concept and feel” or “look and feel” has some difficulties. Copyright law does not protect “concepts”, and at least a test of “feel” seems to invite the abdication of analysis: see *Nimmer, op cit* at p 13-46. In the present case, however, both we and the trial Judge have analysed the layout and other elements of expression that gave rise to the intended look and feel. In our respectful opinion the primary Judge erred by relegating them to the category of unprotectable “ideas”, even though she had correctly taken them into account for the purpose of classifying the Designs as artistic works.

The swing tag

81 Her Honour considered (at [38]) that the analysis in relation to the Vintage Sport Swing Tag design was similar to the analysis applicable to the NewDeal T-shirt design. Her Honour thought that the form, shape and placement of the graphics was taken by Cotton On, and she accepted that the shape of the graphic was important or crucial to the design and success of the swing tag. However, as with the NewDeal T-shirt design, she thought that what had been taken was one integer of a series of integers which together constituted the copyright work, that integer being “the idea and not a substantial part of the work” (at [38]).

82 Our reasons in relation to the NewDeal design stated above apply, *mutatis mutandis*, to the Vintage Sport Swing Tag.

Cross-claim

83 Now that Elwood’s appeal has succeeded, it is shown that its threats were justifiable. Clearly, Cotton On must pay Elwood’s costs of defending Cotton On’s cross-claim. We need not consider Elwood’s submission that Cotton On should pay them even if Cotton On’s success at first instance had been upheld.

Role of appellate court

84 The parties made submissions concerning the proper appellate role of this Court. We are exercising the jurisdiction conferred on the Court by s 24(1)(a) of the *Federal Court of*

Australia Act 1976 (Cth) (FCA Act). The appeal is a rehearing: see s 27 of the FCA Act, and *Minister for Immigration and Multicultural Affairs v Jia* (2001) 205 CLR 507 at [75]. We do not find it necessary to discuss the authorities on the appellate role to which we were referred, including *Branir Pty Ltd v Owston Nominees (No 2) Pty Ltd* (2001) 117 FCR 424 at [21]-[30]; *Fox v Percy* (2003) 214 CLR 118 at [20]-[31]; and *CSR Ltd v Della Maddalena* (2006) 224 ALR 1 at [16]-[24]. We do not differ from her Honour merely on a matter of subjective impression. With respect, for the reasons given earlier, we consider that her Honour erred in misapplying the idea/expression dichotomy and in identifying as the protectable artistic work something less extensive and more precise than the whole of the artistic work.

CONCLUSION

85 The appeal should be allowed. There should be a declaration that Cotton On has infringed Elwood's copyright. There should be an injunction restraining Cotton On from infringing and an order for delivery up. The proceeding should be remitted to her Honour for the determination of damages payable by Cotton On to Elwood. Cotton On should be ordered to pay Elwood's costs of the trial and of the appeal.

ANNEXURE A

Elwood NewDeal T-Shirt



Cotton On Tijuana T-Shirt

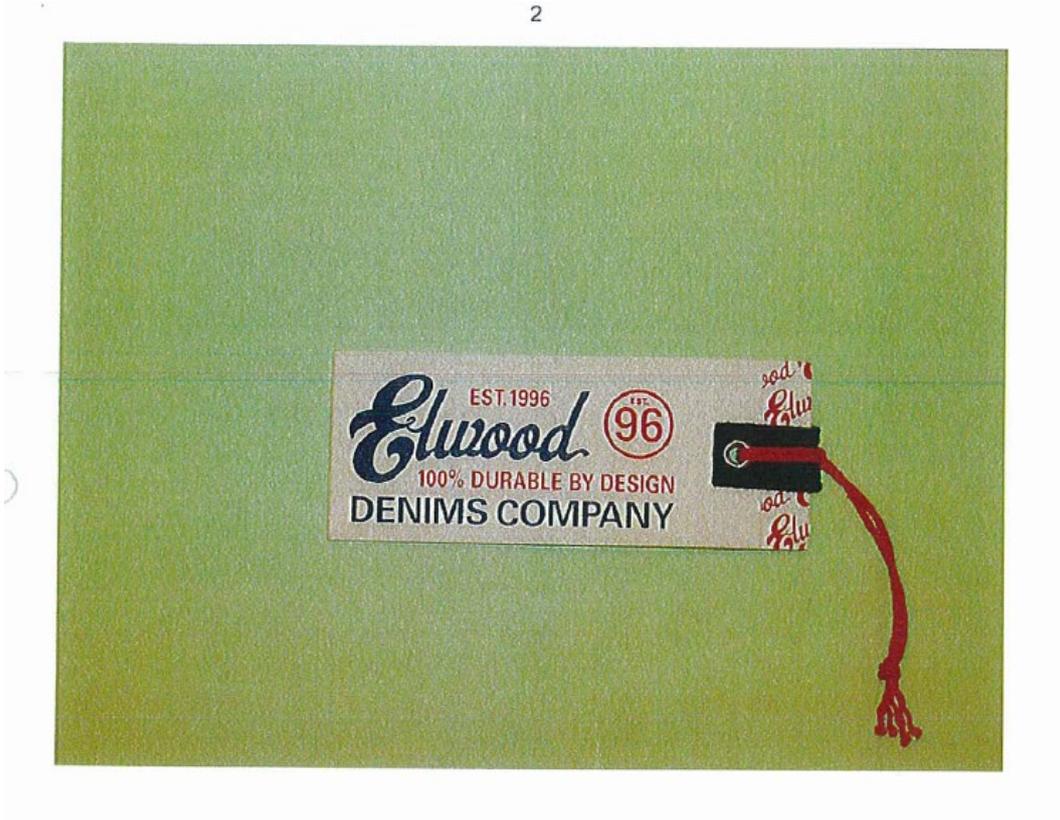
2



ANNEXURE B

Elwood Vintage Sport Swing Tag

2



Cotton On Swing Tag



ANNEXURE C

Cotton On Kingston and Moscow T-Shirts



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