

SUBMISSIONS ON PROPOSED CHANGES TO THE COPYRIGHT ACT

My name is Elspeth Victoria Buchanan. I am a registered Patent Attorney in New Zealand and Australia, practising in Christchurch; my company is P.L. Berry and Associates Ltd. As part of my regular work, I advise on copyright, principally in the overlap area between copyright/registered design/patent protection.

I wish to make submissions only on Section 1 of Part 8 of the Issues Paper.

BACKGROUND

Under New Zealand copyright law, the copyright in artistic work is infringed by the reproduction of that design either in two dimensions (i.e. copying the artistic work as such) or in three dimensions (i.e. constructing the actual object shown in the artistic work). This apparently minor provision has major consequences, because it means that a drawing such as an engineering drawing is infringed if a third-party constructs the article shown in the drawing.

Thus, copyright protection in New Zealand can be used as a substitute for registered design protection (providing the article appeals to the eye in some way) and/or as a substitute for patent protection (providing a very narrow scope protection is acceptable).

If the design is applied industrially (and the criteria for this are not clear), the term of the copyright protection is 16 years from the date on which the article is first placed on the market.

APPARENT ADVANTAGES OF THE EXISTING SYSTEM

A. Copyright protection is free and automatic and is therefore very attractive to individual designers/inventors or small businesses. The term of protection offered is one year longer than for a registered design and only slightly less than the 20 year patent term.

B. Copyright protection does not suffer from the same restriction as a registered design:- for a valid registered design, the design must appeal to the eye in some way and not be purely functional; there is no equivalent restriction on copyright protection.

C. Because there is no registration system for copyright, it is convenient to use copyright protection for multiple variants of a design, which would be expensive to protect as registered designs. Unfortunately, the New Zealand registered design provisions are many years out of date and they do not provide for protecting variants of a design in a single application – a separate application is needed for each variant, and this greatly increases the cost of registered design protection.

DRAWBACKS OF THE EXISTING SYSTEM

D. Uncertainty:- because copyright protection is free and automatic, and there is no registration system, it can be extremely difficult to prove whether or not somebody actually has copyright in a design. A person may assert that a design is original and it is often impossible to prove whether or not the design in fact has been copied e.g. from a design seen overseas.

It follows from this that advising a client whether there is a risk of copyright infringement with a proposed new product can be very difficult, because there is no way of even checking whether a manufacturer is claiming copyright in a product – it is not obligatory to use a marking claiming copyright protection.

For registered designs and patents, searches of the corresponding Registers can be made, and a client advised whether or not infringement is a risk. However, although copyright technically cannot be infringed without copying occurring, most manufacturers developing a new product are aware of what else is on the market and therefore are vulnerable to an accusation of copying.

E. Overseas copyright owners obtain the same rights in New Zealand as New Zealand copyright owners. This sounds fair, until you realise that in the overseas countries (with some minor exceptions) the copyright in a two-dimensional artistic work does not extend to a three-dimensional reproduction of the actual article. Thus, the reciprocal rights given to New Zealand copyright owners overseas are very much less valuable than the rights given to overseas owners in New Zealand.

F. New Zealand designers are attracted to copyright protection because it is free and automatic, and fail to realise that most overseas countries do not grant free automatic copyright protection to three-dimensional reproductions of artistic works. In addition, most overseas countries have relative or absolute novelty requirements for their registered designs.

Thus, a New Zealand designer who has relied on copyright protection for their industrially applied artistic work, and then wishes to protect that design overseas, finds that they can no longer obtain a valid overseas registered design, and the copyright protection available overseas does not extend to the three-dimensional article itself.

G. Because of the lack of a registration system for copyright and the uncertainty this generates, actions for infringement of copyright tend to be extremely expensive, and there is a much higher risk that they will result in High Court action than registered design or patent infringement cases. Most individuals and small business owners frankly cannot afford to win a copyright infringement action, let alone lose one, and often settle threatened infringement actions which may in fact have little or no justification, simply because they cannot afford to contest the matter. Given that many overseas copyright owners are significantly larger companies, they have an unfair advantage in this sort of situation.

RECOMMENDED CHANGES

1. Adopt similar provisions to those in Australia, where copyright in artistic works is protected automatically under the Copyright Act, but effectively the protection ceases as soon as the artistic work is applied industrially. It follows from this that if you wish to protect a new design which is going to be applied industrially, you either apply for patent protection or registered design protection.

This means that any protection granted to the work is registered and the scope of that protection is clear so that other people in the industry know what is protected and what is not. This may be seen as “unfair” to individuals and small businesses but, as discussed above, the apparent advantage of copyright in giving automatic free protection is an illusion,

because of the uncertainty involved and the very high expense of enforcing copyright protection against a suspected infringer.

2. Clarify the criteria for “applied industrially”. The present guideline that the design is applied industrially if more than 50 of the design are sold is a nonsense:- a large and complicated machine may well be produced in very small numbers, but nevertheless the design is “applied industrially” in that the sales are normal commercial sales.

3. Amend the Designs Act to remove the restriction that the design must appeal to the eye in some way and must not be wholly functional. Again, this would correspond with Australian Registered Design law. If the Designs Act is not amended, then there will be a gap in protection if the Copyright Act is amended as set out in paragraph 1 above:- industrially applied wholly functional designs will cease to be protected under the Copyright Act but will not be eligible for protection as registered designs.

4. Preferably, the Designs Act also would be amended to allow the registration of multiple variant designs in a single application. This would match the provisions which are now commonplace in many overseas countries.

5. If the changes set out in paragraphs 1 – 4 above are considered too radical, then I strongly recommend that the term of copyright granted to industrially applied artistic designs (i.e. three-dimensional reproduction of artistic works) should be greatly reduced e.g. to about three years from first industrial application.

This would be equivalent to the “unregistered design right” granted in EU. This is not an ideal solution, in my view, but it would at least reduce the period of uncertainty for other manufacturers and provides a more workable system than at present.

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