

DORAL BOATS LTD. v. BAYLINER MARINE CORP.
A COMMENT
Linda Vincent*

The facts in the *Doral* case¹ illustrate a vexing problem in intellectual property law. The case goes some way toward a solution, for which we must be grateful, yet leaves untouched the basic difficulty which recent cases have highlighted. The problem is that copyright protection has been extended to works not previously contemplated as being within its intended sphere. While there can be little doubt that the cases proceeded on impeccable legal reasoning the result is discomfort.

Bayliner Marine Corp., the plaintiff, is a designer and manufacturer of boats. Its engineers produce drawings depicting finished designs. These drawings, with detailed dimensions and measurements noted thereon, are used to make models or "plugs" of the hulls and decks. From these plugs come moulds which are in turn used to produce the actual boat hulls and decks which are assembled into runabouts or cruisers.

At first glance, it appears that these designs could readily be regarded as industrial designs. They contain elements of visual appeal and are applied by an industrial process to articles of manufacture.² Therefore, when Doral Boats Ltd. purchased two Bayliner boats, a runabout and a cruiser, took them apart, used the components to make their own plugs and moulds and manufactured hulls and decks from these, they would clearly be infringing whatever rights Bayliner might have had over its industrial designs. Bayliner, however, had no such rights. As the *Industrial Design Act*³ provides, registration is required and Bayliner had never registered its designs; nor could Bayliner have registered before suing Doral. Section 14(1) of the *Industrial Design Act* says that registration must be obtained within one year of publication of the design in Canada. It is not always clear when "publication" occurs, given that the Act does not offer a definition, but it surely would have happened, at the latest, when Bayliner began marketing these boats,⁴ which, Bayliner admitted, was more than one year prior to this action.

Lacking *Industrial Design Act* protection against infringement, Bayliner sued for copyright infringement, alleging copyright in the original design drawings.⁵ The argument was that in copying the boats, Doral was indirectly copying the drawings, despite the fact that Doral had never had access to those drawings and may never even have known they existed, and despite the fact that they were making three-dimensional representations whereas the drawings were two-dimensional. This argument succeeded in

* Professor, Faculty of Law, University of Manitoba.

1. (1986), 10 C.P.R. (3d) 289, 67 N.R. 139 (F.C.A.D.) [hereinafter *Doral* cited to C.P.R.]

2. The *Industrial Design Act* R.S.C. 1970, c. I-8 does not contain a definition of industrial design. The case law, however, has defined the concept; in particular see *Cimon Ltée v. Bench Made Furniture Corp.* (1964), 48 C.P.R. 31, 30 Fox Pat. C. 77, [1965] 1 Ex. C.R. 811.

3. *Industrial Design Act*, R.S.C. 1970, c. I-8, s. 14(1).

4. *Algonquin Mercantile Corp. v. Dart Industries Canada Ltd.* (1984), 1 C.P.R. (3d) 75, 5 C.I.P.R. 10, 55 N.R. 291 (F.C.A.D.).

5. They could be either artistic works as drawings or literary works as plans. See ss. 2 and 4(1) of the *Copyright Act*, R.S.C. 1970, c. C-30.

part at the trial where it was held that as to the runabout, Doral was a copyright infringer.⁶

This particular form of indirect copying was condemned by the House of Lords in *King Features Syndicate Inc. v. O. & M. Kleeman Ltd.*⁷ where three-dimensional renderings (as dolls and brooches) of the famous "Popeye" characters copied by the defendant from plaintiff's authorized three-dimensional versions, were infringements of the original cartoons. Further House of Lords decisions in *L.B. (Plastics) Ltd. v. Swish Products Ltd.*⁸ and *British Leyland Motor Corporation Ltd. v. Armstrong Patents Co. Ltd.*⁹ have followed this analysis. In Canada it has recently been accepted in *Rucker Co. v. Gavel's Vulcanizing Ltd.*¹⁰

The result of this thinking means that many drawings, obviously intended only as steps in a larger industrial process, could potentially capture to themselves the very extensive protection our copyright law affords, while allowing their owners to by-pass the industrial design law field.¹¹ The *Copyright Act*¹² and its case law make no demand that to qualify for copyright, an artistic work need be anything more than the expression of an idea in any one of a list of forms,¹³ including painting, drawing, sculpture, or photographs. Aesthetic quality is unnecessary.¹⁴ Copyright protection arises automatically upon creation of the work; i.e., no registration need be obtained. It lasts for the life of the creator of the work and 50 years beyond.¹⁵ It allows for very extensive remedies for infringement,¹⁶ and affords international protection.¹⁷ In contrast, industrial design protection depends upon registration which can be a lengthy and uncertain venture. The definitional requirements are more exacting than for copyright and the term of protection is much shorter—ten years at most, consisting of a term of 5 years with one renewal period of a further 5 years.¹⁸ Protection is not extra-national, and the remedies for infringement are much less far-reaching.¹⁹ The obvious strategy, then, for any designer beginning from drawings or sketches (and likely most do) would be to ignore the industrial design statute and rely on copyright.²⁰

6. *Bayliner Marine Corporation v. Doral Boats Ltd.* (1985), 5 C.P.R. (3d) 289, 5 C.I.P.R. 268 (F.C.T.D.) [hereinafter *Doral* cited to C.P.R.]. As to the Cruiser, it was held that Doral had incorporated sufficient features of its own design to avoid infringing.

7. (1941), [1941] A.C. 417.

8. (1979), [1979] R.P.C. 551—a case concerning a plastic knock-down drawer system.

9. (1986), [1986] 2 W.L.R. 400—a case concerning an automobile exhaust system.

10. (1985), 7 C.P.R. (3d) 294, 6 C.I.P.R. 137 (F.C.T.D.) [hereinafter *Rucker* cited to C.P.R.]—a case concerning spherical blowout preventers.

11. As the *Rucker* case (*supra*, note 10) suggests, there could also be avoidance of the patent law system with its strict requirements for registration.

12. *Copyright Act*, R.S.C. 1970, c. C-30.

13. *Copyright Act*, R.S.C. 1970, c. C-30, s. 2.

14. Except as to works of craftsmanship and architecture. See s. 2 of the *Copyright Act* *supra* note 5. Note that if a work is considered to be a literary work as plans, no aesthetic quality is needed either; see *University of London Press Ltd. v. University Tutorial Press Ltd.* [1916] 2 Ch. 601.

15. *Copyright Act*, R.S.C. 1970, c. C-30, s. 5.

16. *Copyright Act*, R.S.C. 1970, c. C-30, ss. 20 and 21.

17. Revised Berne Convention, *Copyright Act*, R.S.C. 1970, c. C-30, Schedule II.

18. *Industrial Design Act*, R.S.C. 1970, c. I-8, s. 10.

19. *Industrial Design Act*, R.S.C. 1970, c. I-8, ss. 15 and 16.

20. Much the same strategy could apply to the *Patent Act*, R.S.C. 1970, c. P-4.

The fly in this ointment, however, is section 46 of the *Copyright Act*²¹ which purports to eliminate copyright protection for works which are capable of industrial design registration. The section states:

46(1) This Act does not apply to designs capable of being registered under the *Industrial Design Act*, except designs that, though capable of being so registered, are not used or intended to be used as models or patterns to be multiplied by any industrial process.

(2) General rules, under the *Industrial Design Act*, may be made for determining the conditions under which a design shall be deemed to be used for such purposes as aforesaid.

Pursuant to section 46(2) there is Rule 11(1) of the *Industrial Designs Rules*²² which says:

11(1) A design shall be deemed to be used as a model or pattern to be multiplied by any industrial process within the meaning of section 46 of the *Copyright Act*,

- (a) where the design is reproduced or is intended to be reproduced in more than 50 single articles, unless all the articles in which the design is reproduced or is intended to be reproduced together form only a single set as defined in subsection 2; and
- (b) where the design is to be applied to
 - (i) printed paper hangings,
 - (ii) carpets, floor cloths, or oil cloths manufactured or sold in lengths or pieces,
 - (iii) textile piece goods, or textile goods manufactured or sold in lengths or pieces, and
 - (iv) lace, not made by hand.

The Court in *Doral* had been asked by the defendant to rule that section 46 was operative to prevent the plaintiff from relying on copyright. The decision of the Federal Court of Appeal delivered by Mahoney J. is valuable because it interprets the section and Rule 11(1) in a reasoned way and gives some clarification to this difficult question.

The Court was immediately faced with an earlier interpretation of Rule 11(1) by Strayer J. in *Royal Doulton Tableware Ltd. v. Cassidy's Ltd.*²³ which had the effect of virtually wiping out any hope of industrial design classification in such circumstances. Strayer J. concluded that the word "and" at the end of Rule 11(1)(a) was conjunctive and that to be deemed to qualify as an industrial design an item bearing the design would have to be made or intended to be made in more than 50 single articles (or sets) and *also* would have to be reproduced in the forms set out in 11(1)(b); e.g. as textiles, floorcoverings, wallpaper or machine lace²⁴. *Royal Doulton* was followed, by Strayer J. himself, in *Interlego AG v. Irwin Toy Ltd.*²⁵ and, reluctantly, by Dube, J. in *Jeffrey Rogers Knitwear Productions Ltd. v. R.D. International Style Collections Ltd.*²⁶ and by Walsh J. the trial judge in *Doral*.

21. *Copyright Act*, R.S.C. 1970, c. C-30.

22. *Industrial Designs Rules*, C.R.C. 1978, c. 964.

23. (1984), 1 C.P.R. (3d) 214, 5 C.I.P.R. 10 (F.C.T.D.).

24. Mahoney J. in *Doral*, *supra*, note 1 at 294 notes this internal discrepancy in Strayer J.'s decision; i.e., if "and" at the end of 11(1)(a) is conjunctive why is the "and" at the end of 11(1)(b)(iii) not also conjunctive?

25. (1985), 3 C.P.R. (3d) 476, 4 C.I.P.R. 1 (F.C.T.D.)

26. (1985), [1985] 2 F.C. 220, 6 C.P.R. (3d) 409, 4 C.I.P.R. 1 (F.C.T.D.)

The Federal Court of Appeal disapproves of *Royal Doulton*. The court notes that the effect of that decision is to sweep pretty well everything into the copyright basket since it would be almost impossible even to imagine what could qualify as industrial design. Surely it is for Parliament to repeal the *Industrial Design Act* if it wants to, and in the meantime for the courts to interpret it and its rules so as to give it useful meaning. One can only applaud this sensible decision by the Federal Court of Appeal and the banishment to oblivion of the strange interpretation of Rule 11(1) by Strayer J.

Either of Rules 11(1)(a) or 11(1)(b) will thus characterize a design at least potentially as industrial and, in this case, Bayliner's designs were meant to be reproduced in more than 50 boats, but, there is yet another hurdle to clear. The design must also by section 46 of the *Copyright Act* be "capable of being registered under the *Industrial Design Act*." Once more, the Federal Court of Appeal performs a real service by attempting to explain what that phrase means. The plaintiff argued that it meant "registrable" and offered three reasons why its designs were not registrable.

One argument for lack of registrability was that the time limit had elapsed. A registration must be obtained within one year of publication of the design in Canada²⁷ and since that time had gone by the design could not now be registered. The Federal Court of Appeal scoffed at this argument by saying:

As to timely registration, can Parliament have intended that a person who diligently registers a design is entitled to, at most, a 10-year monopoly, while one who neglects or deliberately omits to apply for registration is entitled to a monopoly for the life of its author plus 50 years? To ask the question is to answer it.²⁸

This must be the correct approach. Capability of registration, for purposes of section 46 of the *Copyright Act* must be based on some definitional quality or qualities and not on a narrow technical requirement.

Secondly, the plaintiff argued that the *Industrial Design Act* requires "originality" of design²⁹ and its designs, so it said, lacked the required degree of novelty for registration. Again, the court rejected this as a test. It would require the court to put itself in the notional position of the Commissioner of Patents who would have to search the register to see if the same or similar designs had ever been registered before, not a realistic task for this tribunal. Even if the court could have determined that the register was clear, that would not have satisfied the question of novelty since registration does not preclude a later attack of invalidity for anticipation by a similar even unregistered design anywhere in the world.³⁰ Such an attack,

27. *Industrial Design Act*, R.S.C. 1970, c. 1-8, s. 14(1).

28. *Supra*, note 1 at 296.

29. This requirement may be inferred from s. 7(3) of the *Industrial Design Act* (R.S.C. 1970, c. 1-8) and is clearly found in the case law e.g. *Clatworthy & Son Ltd. v. Dale Display Fixtures Ltd.* [1929] S.C.R. 429, Ex. C.R. 159. "Originality" in the industrial design sense means that the idea of the design must not have occurred to anyone else (in a public form) prior to the application for registration. In the *Copyright Act*, R.S.C. 1970, c. C-30, section 4(1) requires that works be "original" to attract copyright protection but case law has defined this to mean merely that the creator must not have copied the work from someone else or from a work in the public domain. The idea need not be original, merely its expression. See *University of London Press Ltd. v. University Tutorial Press Ltd.*, *supra*, note 14. Once again we see that the stronger statute has the lower standard of admission.

30. *Clatworthy & Son Ltd. v. Dale Display Fixtures Ltd.*, *supra*, note 29.

if successful would lead to expungement of the design from the register. The test of novelty is too much of an imponderable for a court trying to deal with section 46 of the *Copyright Act*.

Timeliness and novelty are unworkable and undesirable tests in this context. "Capable of being registered" must mean that the design in question is within the definition of industrial design. Whether, in fact, it could be registered is irrelevant.

That brings us to what the definition of industrial design is. This court used the definition found in the case law and described earlier in this comment;³¹ that is, elements of visual appeal (ornamentation) of an article of manufacture and applied by some industrial process. Mahoney J. concluded that Bayliner surely meant its designs to appeal to the eyes of potential customers.³² A great deal of the design of a boat's hull must be dictated by the function it is to perform— keeping the structure afloat and allowing it to be propelled through the water with the least amount of drag. Beyond that, though, there is room for ornamentation, especially of the deck components. Thus sank Bayliner's third argument that its designs were too functional to qualify for registration as industrial designs.

Bayliner's designs were found to be capable of being registered under the *Industrial Design Act*. They were at least partly ornamental and intended to be reproduced in more than 50 single articles of manufacture. Section 46 of the *Copyright Act* was operative to exclude copyright protection and, since Bayliner had never registered these designs under the *Industrial Design Act*, it had no rights to enforce against Doral.

In reaching this conclusion, the Federal Court of Canada avoided having to deal with the ironic situation created when a design is dictated *purely* by the function the object is to perform. Such a design would *not* be capable of being registered under the *Industrial Design Act* because it would not be, by definition, ornamental. The irony is that if it is expressed in a drawing (as is usual), it would then qualify for copyright protection as an artistic work³³ since section 46 of the *Copyright Act* would not operate to exclude it. The more utilitarian and non-aesthetic the design, the more likely it would be to attract the more powerful form of intellectual property protection! This is not a far-fetched scenario. Canadian jurisprudence makes it clear that ornamentation is essential to an industrial design and that, therefore, purely functional designs will not qualify.³⁴ The Federal Court of Appeal itself alluded to this problem when referring to *British Leyland Motor Corp. Ltd. v. Armstrong Patents Co. Ltd.*³⁵ Mahoney J. said:

That case dealt with the copyright in plans for automobile mufflers found to have been copied in much the same way as the boat plans in this case. . . . However, in the nature of mufflers, as they are not ordinarily exposed to public view, ornamentation was not a factor and the parallel [U.K.] exclusion from copyright protection was not in play. I am convinced

31. *Cimon, supra*, note 2.

32. *Supra*, note 1 at 296-7.

33. Or as a literary work as "plans". See ss. 2 and 4(1) of the *Copyright Act*, R.S.C. 1970, c. C-30.

34. *Goodyear Tire & Rubber Co. v. Commissioner of Patents* (1979), 28 N.R. 243 (F.C.A.D.).

35. *Supra*, note 9.

that it would be especially unwise to express an opinion on this remaining issue by way of *obiter dicta*.³⁶

Thus, industrial design law will not always serve to exclude copyright from situations where it seems out of place.

*Rucker Co. v. Gavel's Vulcanizing Ltd.*³⁷ illustrates the problem in the context of patent law. In that case the drawings were of a patented spherical blowout preventer, a device used in oil or gas exploration and development wells to prevent the high pressure of gas, which may be unexpectedly encountered, from causing blowouts of oil and gas. The drawings were also part of the patent specifications. The defendant was alleged to be infringing the plaintiff's patent by manufacturing blowout preventers from parts brought to it after they had worn out. The legal concern here is whether the defendant was manufacturing the patented items which is not allowed under the *Patent Act*³⁸ or merely repairing them, which is. In addition, the plaintiff claimed that by using worn out preventers to create replacements, the defendant was infringing the plaintiff's copyright in the original engineering drawings. If this alternative argument were to prove successful, the plaintiff could, presumably, have just abandoned its patent infringement claim and relied on copyright which is far easier to acquire than patent rights and which lasts far longer.³⁹ In fact, the plaintiff could have dual rights, patent *and* copyright, since the *Copyright Act* contains no provision purporting to exclude copyright where the subject-matter is capable of being registered under the *Patent Act*.

In both *British Leyland* and *Rucker*, the courts concluded that the drawings were proper subject matter for copyright protection and had been infringed by indirect copying. Yet in both cases, the courts were clearly uncomfortable with this position being of the view that copyright was being taken too far. In neither case could the drawings have qualified as industrial designs since neither had, by any stretch of the imagination, ornamental aspects. In both cases the courts were driven to concoct defences to these instances of copyright infringement.

In *British Leyland* the House of Lords extended the "right to repair" defence to third parties (non-purchasers of the items in question) to allow them to manufacture stocks of spare parts so that the purchasers of the automobiles would have an unfettered choice of source for these spare parts when theirs wore out. The court was holding that British Leyland could not use its copyrights to control the market for spare parts once these cars were put on the market. In *Rucker* the court held that "while copyright can be extended to cover the physical object made from it . . . it should not be extended to cover objects protected by patent".⁴⁰ Neither of these defences has been greeted with universal admiration.⁴¹

36. *Supra*, note 1 at 297.

37. *Supra*, note 10.

38. *Patent Act*, R.S.C. 1970, c. P-4, s. 46.

39. The term of Patent protection is 17 years from grant (*Patent Act*, R.S.C. 1970, c. P-4, s. 48) whereas copyright endures for the life of the author plus 50 years (*Copyright Act*, R.S.C. 1970, c. C-30, s. 5).

40. *Supra*, note 10 at 313 per Walsh J. Walsh J. was the trial judge in *Doral*.

41. As to *British Leyland*, there is this note by A.M. Teitgen in (1986) 45 Cambridge Law Journal 216 at 218: "in April 1986 the Government stated in a White Paper (Cmnd. 9712) that it intended to narrow drastically the 'right to repair' defence enunciated by the House of Lords in that decision." As to *Rucker* see Dan Hitchcock, "Copyright in Drawings Does Not Extend to Protect Patented Objects" (1986) 2 I.P.J. 237.

It would be no solution to re-examine and reject the concept of infringing copyright in drawings or plans by the particular form of indirect copying seen in these cases. To do so would put us out of step with copyright law in the U.K. As well, we must note that our *Copyright Act* states that it is an infringement to reproduce a work or substantial part thereof "in any material form whatever".⁴² Rejecting this form of indirect copying would also harm creators like the "Popeye" cartoonist who wants to exploit his/her creations in three-dimensional form. Finally, it might just lead to more creators claiming copyright in the intermediate three-dimensional form, a problem raised in the trial court of this case when Bayliner argued that its boats themselves were architectural works of art as "structures",⁴³ a development with just as much potential for inappropriate widening of copyright application.

The real problem lies not in the realm of infringement, but in the definition of artistic works under the *Copyright Act*. As has been said, no aesthetic quality need be involved. There need only be the expression of an idea in one of the listed forms.

Perhaps the solution is to adjust the definition of artistic works in the *Copyright Act* to exclude visual depictions of purely functional articles where those depictions are intended merely as steps in a larger industrial process. Also excluded would be any three-dimensional renderings of such depictions.⁴⁴ If the items shown were not purely functional, then the question of *Industrial Design Act* or *Copyright Act* protection would be decided by section 46 of the *Copyright Act* as clarified by *Doral*. If the pictures were of purely functional articles but were not intended as steps in an industrial process, then the artist who chooses to express him or herself in a representational fashion should not fear being excluded from copyright protection.

Only if the content of the depiction is purely functional and the depiction is itself functional in that it is a step in a larger industrial process, should hope of either industrial design or copyright protection be lost. In that case, the owner of the depiction might seek patent protection for the item shown. The depiction itself would not be within a recognized category of intellectual property law and would not qualify for legal protection against copying, direct or indirect.

42. *Copyright Act*, R.S.C. 1970, c. C-30, s. 3(1).

43. *Copyright Act*, R.S.C. 1970, c. C-30, s. 2. Walsh J. quickly rejected this argument saying he thought this would be an extension of the word "structure" beyond its normal meaning. *Supra*, note 6 at 305.

44. "Plans" would also have to be deleted from the definition of literary works, *Copyright Act*, R.S.C. 1970, c. C-30.

