

23 January 2015

Advisory Council on Intellectual Property
Sharon Thomas
Secretariat
PO Box 200
Woden ACT 2606

By email only

mail.acip@ipaaustralia.gov.au

CONFIDENTIAL COMMUNICATION

RE: ACIP Issues Paper - Review of the Designs System

Dear Sirs

IPTA refers to the ACIP Paper entitled "Review of the Designs System - Options Paper" (ACIP Options Paper) of December 2014 and thanks ACIP for providing IPTA with an opportunity to make submissions.

About IPTA

The Institute of Patent and Trade Mark Attorneys of Australia (IPTA) is a voluntary organisation representing registered patent attorneys, registered trade mark attorneys and student members in the process of qualifying for registration as a patent or trade mark attorney in Australia. The membership of IPTA includes over 87% of registered patent attorneys located in Australia and it is believed that its members make up more than 90% of registered patent attorneys in active practice in Australia. The membership of IPTA includes registered patent attorneys in private practice as well as patent attorneys working in industry and others that practice as barristers. IPTA members represent large local and foreign corporations, SME's, Universities, Research Institutes and Individual inventors.

Background and Overview

IPTA made a formal submission in response to the ACIP Options Paper on 31 October 2013. The submission was marked "confidential" in error, and IPTA confirms that it was not intended that the submission be confidential. IPTA requests that their submission of 31 October 2013 be treated as non-confidential. IPTA has been involved in, and contributed to, various consultation groups involving IP Australia, IPTA, The Law Council and other stakeholders in the Designs System. Such groups include the Trade Marks and Designs Consultative Group (TMDCG), and prior to that the Designs Consultation Group (DCG). IPTA believes that it has a good overall knowledge of the surrounding the Designs Act 2003 (Designs Act) and in particular issues concerning the efficiency and effectiveness of the Designs Act from the end user's viewpoint.

Brief summary of IPTA's position

In summary, IPTA is of the view that the suggestions of Option 1 and the majority of the suggestions of Option 2 should be adopted, subject to the comments below.

Comments on ACIP's findings

IPTA notes from the Executive Summary that ACIP's view is that the evidence on the impact of the 2003 Act is mixed, but that use by Australian individuals has undergone a steep decline. IPTA does not find that decline at all surprising, since many Australian individuals (and SME's) filing design applications chose to "self-file" and do not use an agent or attorney. Under the old designs Act 1906, the filing fee, which also covered a substantive examination, was \$90 just prior to the introduction of the new Designs Act. The filing fee doubled on the introduction of the new Designs Act to \$200 (it is now \$250) with an additional separate fee of \$360 for examination. Hence the government fees for an enforceable examined registration more than quintupled overall and the fees for a simple unenforceable registration more than doubled. It is well known that price is a highly significant factor in people's behaviour, one of the justifications for raising tobacco taxes commonly given is to discourage smoking, and in IPTA's view, the very significant fee increases introduced with the new Act would have been the major factor in the decline in filing by Australian Individuals.

ACIP also notes a relative decline in filing by Australian companies ("*largely static*"), compared to overseas companies. IPTA notes that a number of Australian companies, particularly smaller companies, but also some larger companies, self-file and will also have seen the significant price increase as a discouragement to filing. IPTA also notes that Figure 4 suggests that rather than being "*largely static*" filings by Australian companies in fact increased from around 1500 per year, prior to the new act, to 2000 per year after the Designs Act 2003 came into force – a 33% increase, suggesting that the introduction of the new Act has in fact encouraged use of the Designs system by Australian companies involved in design innovation.

It is further noted that the increase in filings from 1500 to 2000 per annum has been maintained despite the gradual decline of manufacturing industry in Australia over the past ten years, due to the mining boom, the transfer of manufacturing to lower cost countries, and the rise in the value of the Australian dollar, which is only now being reversed.

IPTA's Comments on the ACIP recommendations below and the numerical references used below are consistent with the numbering in the Options paper.

4.1 Minor corrections and changes

The minor anomalies, inconsistencies and errors in the 2003 Act as set out in Appendix A should be corrected and the potential fixes implemented. IPTA would be please to review the wording of any proposed amendments prior to their implementation.

However, IPTA notes that its recommendation to provide the Designs Office with a general power to extend deadlines, for the reasons given in IPTA's submission of 31 October 2013, has not been addressed in the proposed minor corrections.

4.2 The legal process

IPTA agrees that the grant of unexamined "Registered Designs" has created confusion. IPTA agrees that at the very least the term "Registered Design" should not be applied to an unexamined design application.

While ACIP's tentative proposal that *renewal should only be possible for certified designs* is superficially attractive, there are some significant difficulties with this proposal. To be cost-effective

and fair to the registered owner, the outcome of the certification process needs to be determined before the renewal fee is due. In practice, the examination process can take time, since examination does not occur immediately, the period allowed for the examination process following the issuance of the first examination report is six months, and, if the registration is to be revoked, a hearing may be requested which further delays the outcome of the examination process.

Such a requirement would make issuing renewal reminders to registered owners a very complicated process to allow certification to be undertaken and completed prior to the renewal due date. While it might be possible to structure a workable system in line with ACIP's tentative proposal, such a system would not be simple and may not be cost effective.

In IPTA's view it would be far simpler to make examination compulsory for all applications, including the examination fee in the filing fee, and only issue Registered Designs that have passed substantive examination. This would improve the effectiveness of design protection for applicants as well as avoiding the continued build-up of unexamined and potentially unenforceable design registrations in the Register of Designs. IPTA notes that of Australia's major trading partners some e.g. USA and Japan conduct substantive examination of design applications prior to grant, some such as Europe and China do not, and some such as Korea conduct substantive examination on certain types of product only depending on their Locarno classification.

One alternative would be an arrangement similar to the current patent examination process where it would be necessary to request examination after by a particular deadline, say 4 or even 5 years from filing, or in response to a direction to request examination issued by the Designs Office. The Designs Office would then examine the registration if examination was requested. If not the registration would lapse. For those registrations that are examined, a renewal fee or a certification fee replacing the renewal fee would be payable, when and if the registered design passed the examination.

ACIP's comments concerning a lack of provision for opposition to design registrations are not entirely correct. Section 65 allows an unlimited number of requests for examination of a registered design to be made, including requests for examination of design registrations that have already been certified, although the examinations are *ex parte*. Hence, there is no absolute necessity to introduce an opposition process, although IPTA does not see any particular disadvantage if such a process were to be introduced.

IPTA agrees with ACIP that the virtually unused option of publication should be removed from the process.

4.3 The newness and distinctiveness threshold and the Statement of Newness and Distinctiveness

IPTA's view is that the threshold for newness and distinctiveness is arguably appropriate, if a little unclear, and certainly, given that there have been relatively few Court decisions on this issue, there is no evidence to suggest it should be amended at this time. There may be scope for improving the definition of the threshold in the future, as case law develops.

IPTA stands by its earlier submissions in its submission of 31 October 2013, that the statement of newness and distinctiveness (SOND) should be amendable at any time up until certification whether the amendment is broadening or not. This issue is one of the key issues which affects IPTA's members and their Australian and overseas clients and would significantly improve the effectiveness of design protection by allowing amendments to address prior art that is unknown to the owner, prior to examination. The Australian patent system and that of most of our overseas trading partners operates in similar fashion by allowing significant and often broadening amendments to patent claims following examination and prior to grant.

Further, regardless of whether broadening amendments are allowed, non-broadening amendments should be allowable and despite the difficulties ACIP had in envisaging such a non-broadening amendment, such amendments are possible particularly when alternative features are recited in a SOND. For example consider a jug which has an upturned pouring lip and a pistol grip handle. Either feature could be new and distinctive. The SOND might read:

"Newness and distinctiveness is claimed in respect of the shape and/or configuration of the handle and/or pouring lip of the jug in the accompanying representations. In carrying out the consideration in accordance with section 19, the shape and/or configuration of the body of the jug illustrated in the representations is/are not to be considered either new or distinctive and do/does not form part of the design."

Arguably the SOND protects either or both of the handle or lip. If during examination, prior art is unearthed that shows a jug having the same pouring lip, the SOND can be amended to remove the reference to the lip. Such an amendment is non-broadening and in fact reduces the scope of the registration.

4.4 Multiple design applications

IPTA agrees with ACIP's conclusion that substantial reductions in at least the filing fees for multiple applications could provide significant encouragement for increased use of the design registration system by Australian industry sectors. The European multiple design system could be used as a model/basis for a similar system for Australia.

4.5 The copyright/design overlap

This area of law is extremely complex and difficult even for experienced practitioners to understand but works after a fashion after a number of piecemeal changes over the years. The principal is understood and should be retained, but there is a need for clarification of this area of law. This may however be outside of the scope of this review of the Designs System and require a separate review. IPTA would be willing to assist in developing proposed amendments if a decision were made to clarify this complex area of law.

4.6 The repair defence

The options paper indicates that ACIP received two opposing submissions on this issue which came from the car manufacturing and service industries. The paper does not indicate if any other submissions were received from other industries in Australia, but it appears not. IPTA's understanding is that one of the principal aims of Section 72 is to reduce the costs of motor vehicle spare parts to thereby reduce the cost of repairing vehicles damaged in motor vehicle accidents, and is therefore strongly supported by the motor vehicle insurance industry. In the circumstances where no other area of Australian industry has made submissions on this point, and given the impending demise of motor vehicle manufacturing in Australia, it does not appear to be in Australia's interests to repeal Section 72.

5.1 The impact of international harmonisation: the Hague System and the Designs law Treaty

IPTA agrees that a move towards international harmonisation would reduce red tape for Australian businesses looking to export and that there could ultimately be benefits, were Australia to join the Hague system.

However IPTA also notes that there is a distinct lack of harmonisation in the law and formality requirements for designs generally. In general, there is much less harmonisation in designs law than there is in patents. Some features of Australian designs law – such as the statement of newness and distinctiveness are unique to Australia. In some countries there is a requirement for a written description of the product, in some for a statement of intended use, in some countries particular

views of the product, typically all sides must be shown – in Australia there are no requirements to file particular views and design registrations may consist of a single view. In some countries dashed lines are permitted, in others not. In most countries, what is shown in dashed lines does not form part of the design, but in Australia that is not the case, and features shown in dashed lines are taken as being part of the design. IPTA is concerned that while joining Hague may appear to be superficially attractive, the potential cost savings may be illusory due to the lack of harmonisation. There is also the potential for Australian applicants to be adversely affected if they assume that what they file in Australia and in particular the representations of a design filed in Australia would be suitable for all Hague countries.

IPTA also notes that the Anglophone countries identified as the most common destination for Australian exporters in design intensive industries, are not currently members of Hague.

IPTA's view is that Australia should instead favour joining the DLT with a view to providing the benefits of increased harmonisation and reassess joining Hague at a later date.

5.2 Term of Protection

As indicated in its previous submission of 31 October, IPTA believes that the current 10 year term is too short, and that a 15 year term should be provided. IPTA does not believe that the change of term should be linked to joining Hague, although IPTA notes that it would be a requirement if Australia was to join Hague, and this provides an indication that the current 10 year term does not meet the minimum international standards for the design term, and is less than that provided by our major trading partners.

If compulsory examination before renewal is introduced, that would likely reduce the number of registrations being renewed for a second term and would mean that only commercially important designs would be renewed to the full term which accords with the 20% renewal rate for the final period under the 1906 Act.

IPTA also notes that the vast majority of submissions received by ACIP favoured an increase in the term.

IPTA does not fully understand the reference to "unnecessary privatisation of the design space" in paragraph 5.2, however is comfortable with renewal of only certified designs, provided that the system is workable (see comments in para 4.2 above), and IPTA would also expect that the 10 year renewal fee would be higher than the 5 year fee to discourage renewal of unused registrations.

IPTA submits that the term should be increased to 15 years as was recommended by the ALRC, regardless of whether Australia joins the Hague System.

5.3 Grace Period

IPTA agrees with ACIP and supports the introduction of a grace period, however IPTA believes that the grace period should be for one year, not six months, for consistency with the grace period already provided for patents, and for consistency with those of our major trading partners which provide grace periods for designs such as the USA and Europe.

One year would make the grace period easier to monitor and would reduce the administrative burden on applicants who would only have to monitor one deadline, not two. Since a one year grace period already exists for patents, having a lesser period for designs would not materially decrease uncertainty, as the designer who has pre-published a new product would have the option of filing for an innovation patent instead of a design, within the one year grace period already provided for patents. However, a six month grace period would be better than no grace period.

5.4 Deferred Publication

IPTA supports the introduction of deferred publication. IPTA does not have a strong view on how long the period of deferment should be, however considers that 6 months would be the minimum useful period. Deferment should not be linked to the grace period or to publication/sale of products embodying the design as that would add unnecessary costs and complexity and costs to the system which would make the system less cost effective for applicants.

IPTA notes ACIP's reference to pseudo-deferment available relying on non-compliance with formalities. Using pseudo-deferment is unsatisfactory as it increases risk and costs for applicants by forcing the issuance of otherwise unnecessary formalities reports, as well as unnecessarily increasing the workload for Examiners at the Designs Office. A proper deferment system would reduce the administrative burden for applicants and the Designs Office as well as harmonising the Australian designs system with those of our major trading partners.

5.5 Partial Designs

IPTA is in favour of allowing protection of partial designs and notes that to do so would be consistent with practice in a number of the Anglophone countries identified by ACIP as the most common destination for Australian exporters such as the UK and the USA, as well as the EEC Designs system. IPTA notes that ACIP has concerns about registering partial designs but is not aware of any problems arising in those jurisdictions arising from partial designs.

Filing multiple designs would not be a solution to protecting a design of part of a product due to the increased costs involved, not to mention the increased administrative burden. It would be far simpler and straightforward, not to mention cheaper, to simply allow an applicant to register that part of a design that they considered to be new and distinctive.

The use of the SOND is not a solution to obtaining registration of part of a product, as the rest of the product shown in the representations, even if shown in dashed lines, must still be considered as part of the overall design by the informed user.

IPTA does not believe that allowing registration of partial designs would be a "*fundamental change to the concept of registered designs under the 2003 Act*", notes that parts of complex products are already registrable, and notes that our major trading partners allow registration of partial designs without any apparent problems arising as a result.

5.5 Graphical User Interfaces and other non-physical or virtual designs

IPTA agrees with ACIP that *some protection should be available for at least some virtual or non-physical designs*.

IPTA notes that of Australia's major trading partners, the USA, China and Europe, amongst others permit registration of GUIs within their designs systems, and allowing registration of GUIs would harmonise with those countries. IPTA also note that GUIs are classified in the Locarno classification of Industrial Designs (in class 14-04).

IPTA notes that changes to the Designs Act 2003 would have to be implemented to allow the registration of GUIs and would be happy to work with ACIP and/or the parliamentary draftsman to draft and/or review any suggested changes.

Since most devices would have a blank screen when powered off, IPTA is of the view that the GUI would not have to be visible in all states. IPTA also notes the possibility that some GUIs may incorporate temporal changes in their appearance which may need to be addressed.

23 January 2015

While IPTA believes that some protection for GUIs may be implemented without implementing protection for partial designs, implementing partial designs may allow for an administratively simple and elegant way of protecting GUIs. IPTA is in favour of registration of partial designs, and does not see their introduction as a concern.

IPTA notes ACIP's reference to the use of other forms of IP protection such as trade marks to protect GUIs but notes that few GUIs are not generally used as trade marks so trade mark protection would not be practical.

5.7 Border protection measures

IPTA supports the proposal to extend the current border protection provisions to include certified registered designs

5.8 Unregistered Design Rights (UDRs)

IPTA agrees with ACIP's view that a UDR should not be introduced in Australia at this time.

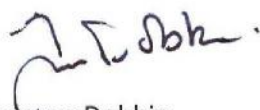
5.9 3D printing and design protection

IPTA believes that this area should be monitored with a view to possibly developing broader forms of liability e.g. covering scanning a registered design or transmitting a scanned file, if significant infringement issues arise.

Assistance from IPTA with legislative changes

If any of IPTA's suggested changes, or indeed other changes, are to be considered as part of an amendment to the *Designs Act 2003*, IPTA will be pleased to assist with and suggest possible changes to the wording of the *Designs Act 2003*, and the associated regulations to implement those changes and would be pleased to assist in the review of any legislative changes proposed by the parliamentary draftsman.

Yours faithfully



Jeremy Dobbin
Convenor, IPTA Designs Committee
jdobbin@fbrice.com.au