

20 January 2020

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Dear Brett

**Re: Public Consultation: Implementing accepted recommendations from ACIP's Review of the Designs System**

IPTA refers to the IP Australia papers entitled "*Public consultation: 1. Scope of designs protection*", "*Public consultation: 2. Early flexibility for designers*", and "*Public consultation: 3. Simplifying and clarifying the designs system*" of October 2019, and thanks IP Australia for providing IPTA with the 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.

#### **The Public Consultation Papers**

The Public Consultation Papers set out 3 key topics, each topic encompassing a number of recommendations made by the Advisory Council on Intellectual Property (ACIP) in its review of the Designs system. A number of options for responding to each recommendation have been presented by the Public Consultation Papers. Below, IPTA puts forward its preferred options and details reasons why such options are preferred.

## 1 Scope of designs protection

### 1.1 ACIP Recommendation 10

ACIP Recommendation 10 recommended that the requirement of distinctiveness and Section 19 of the Designs Act be retained in its current form. ACIP noted the Law Council of Australia's (LCA) IP Committee's suggestions to clarify section 19 to provide more guidance and recommended IP Australia consider the LCA's suggested revisions to:

- Standard of the informed user
- Clarify how various factors in Section 19 are weighed or assessed
- Amend the use of the Statement of Newness and Distinctiveness (SoND)

IPTA's comments on the proposed options are as follows.

#### 1.1.1 Standard of the informed user

##### Option 1 – No Change

IPTA notes that the law in Australia appears to have moved on from the European approach to the standard of the informed user, initially adopted in the "Review No 3" case, to the approach espoused in the Multisteps decision, where the informed user needs only to be familiar with the products or similar products and does not have to be an actual user of the products. IPTA is comfortable with the Multisteps approach to the informed user.

IPTA believes that the original European approach may have arisen from the use of the term informed user in sub-section 19 (4) of the Designs Act "(the standard of the informed user)".

IPTA notes that the approach to the identity of the informed user has changed over time in Australia, and accepts that some clarification of that identity could be helpful to practitioners and others.

##### Option 2 - Clarify the identity of the informed user as one who needs only be familiar with the products and not have to be an actual user of the products.

IPTA preference is for option 2, with the current approach being clarified in some way. This would avoid arguments as to whether the current Multisteps interpretation is correct, and should reduce expert witness costs and uncertainty in litigation.

As discussed above, IPTA believes that the original European approach may have arisen from the use of the term informed user in sub-section 19 (4) of the Designs Act "(the standard of the informed user)".

IPTA suggests this expression could be clarified to read "the standard of the informed person" or a similar expression, that removes any suggestion that the person who is familiar has to be an actual user.

##### Option 3 - Revise to specify the standard of the informed user must be a user of the product

In IPTA's experience, it is often quite difficult to find suitable persons who are able to act as witnesses and declarants for Designs matters. Further limiting the already relatively small pool of available persons to actual users of the product is thus undesirable, and may create

difficulties, particularly if the actual user of the product is far removed from the design process. IPTA does not support this option.

### 1.1.2 Clarify how various factors in Section 19 are weighed or assessed

#### Option 1 – No Change

IPTA understands that there is a view that the legislation should be changed and the various factors recited in Section 19 be given a particular weighting and the legislation should include guidance as to how they interact.

At this stage IPTA's view is that there is insufficient evidence demonstrating a need to amend the legislation. Any amendment of that nature to Section 19 would need detailed consideration, and may create as many issues as it solves so at present, IPTA's position is that no change is its preferred option.

#### Option 2 – Clarify how various factors in section 19 are weighed or assessed

As set out above, IPTA believes that such an approach may create as many problems as it solves. IPTA would have to see the actual detailed wording of the legislation to come to a view as to whether it could support such an option. At present, IPTA sees no need for clarification.

### 1.1.3 Amend the use of the Statement of Newness and Distinctiveness

#### Option 1 - No Change

IPTA notes that the SoND is somewhat unique when compared with Designs systems in other jurisdictions. However, IPTA notes that Designs law is far from being harmonised generally, particularly when compared to the degree of harmonisation now present in the patent system. Some other jurisdictions have requirements for statements of novelty and/or monopoly, or a written description of the design, some Designs systems simply rely on the representations. Hence the fact that the SoND is not harmonised with other jurisdictions is not of itself an issue for IPTA. It is much less important than harmonisation of more fundamental issues such as term and grace period.

It is noted that the SoND is optional.

The main purpose of the SoND is to identify particular features of the design as being new and distinctive, in the context of the design as a whole, and many design applications do include SoNDs for that purpose.

However, many SoNDs which are filed are more generic. Where an applicant does not wish to draw attention to a particular feature of a design it is common to file a generic SoND that simply refers to the overall appearance of the design as a whole. It is arguable whether such a SoND has any effect at all on assessing the design under Section 19.

However, the SoND is a critical tool in Australia for use when protecting particular aspects of an overall product, particularly in a system that does not currently allow registration of partial products or the use of disclaimers. It is thus common to use a SoND to attempt to disclaim parts of a design shown in dashed lines, by positively claiming parts shown in solid lines.

Some SoNDs also are included to indicate whether a design is to be limited to shape and configuration only or to pattern and ornamentation only.

Because the SoND performs multiple important roles under the current system, IPTA favours no change to the SoND at this stage. Removal of the SoND could only be supported as part of an overall wholesale revision of the Designs System in Australia, with the introduction of one or more features mitigating against the loss of the SoND such as partial designs, disclaimers, and statements of monopoly.

#### Option 2 - Make the SoND mandatory

IPTA is not in favour of making the SoND mandatory. Drafting a SoND is not straightforward and making the SoND compulsory may disadvantage unrepresented applicants, and there are many applicants using the Designs system in Australia who do not have attorney representation and who do not routinely include a SoND. Forcing those applicants to use a SoND would place an unnecessary administrative burden on them. Further, there is the possibility that they could draft and file a SoND which would adversely affect the scope of protection of their Design Registration.

#### Option 3 - Remove the use of the SoND

We refer to our response to option 1. Removal of the SoND should only be done as part of a wholesale review of the Designs Act due to its interaction with other parts of the Designs Act. IPTA is not currently in favour of removal of use of the SoND.

### 1.1.4 Questions for Consultation

**C1. Given the concerns raised by the LCA IP Committee, and the preceding discussion, do you see a need to clarify certain elements of section 19.**

IPTA is in favour of clarifying the nature of the informed user, and in particular clarifying that the informed user need not be an actual user of the product.

**C2. How do you see the suggested changes to the use of the SoND (Options 2 and 3) impacting on the administrative burden of applicants?**

It would clearly be an administrative burden to make the SoND compulsory.

**C3. If protection for partial designs was introduced, how do you see this impacting on the operation of subsection 19(2)? Would the introduction of partial designs cause the SoND to be redundant?**

Certainly, if partial designs could be protected, that would somewhat reduce the requirements for SoNDs however it would clearly not make the SoND redundant, as SoNDs are used for many reasons, over and above protecting parts of products

**C4. If protection for partial designs was introduced, do you see any problems in retaining the expression 'design as whole' as it appears in subparagraph 19(2)(b)(ii), paragraph 19(2)(c), and subsection 19(3)?**

Whether this would cause problems would depend on what other changes were made to the Designs Act such as to the definition of 'product'. IPTA cannot come to a view on that expression in isolation.

**C5. If protection for partial designs was introduced, how would you see this impacting on the definition of 'product' as it currently appears in subsection 19(4)?**

IPTA's view is that the definition of product would have to change. Change to the wording of 'product' would also be necessary to allow registration of virtual designs.

## 1.2 ACIP Recommendation 13

ACIP Recommendation 13 recommended that the current requirement that protection relate to the visual appearance of a (whole) product be retained. Recommendation 13 further recommended considering whether allowing partial product registrations would enhance harmonisation of application requirements in a way that would substantially advantage Australian applicants.

### Option 1 - No Change

IPTA is not in favour of no change. Most of Australia's major trading partners with the exception of China allow registration of partial designs. Australians who file designs using the Australian system showing an entire product, may risk losing their priority claim should they wish to protect only part of that product in overseas jurisdictions, such as the US and EEC where partial design protection is permitted. Some Australian applicants are known to file Australian applications showing a partial design and the entire design to ensure that there is basis for a priority claim to a partial design for filing in an overseas jurisdiction. However, that approach results in an added cost burden on the Australian applicant who has to file two sets of drawings not one, as well as respond to a formalities report on the Australian priority filing resulting in unnecessary costs and burdens.

Often innovation in design pertains to the design of only a small part of a product. That innovation may be used on more than one similar product. The current regime fails to adequately protect such innovations.

### Option 2 - Protection for partial design extends to similar products.

This approach would provide advantages for Australian applicants by harmonising this aspect of Australian designs law more closely with that of the majority of Australia's major trading partners without making searching the Design records by classification, significantly harder.

IPTA is in favour of this approach but considers that option 3 below could also work.

A design for say, a handle of a toothbrush should still be classified with other toothbrushes. A registration of a handle of a toothbrush, say would only have to be searched in the Locarno class for toothbrushes and related classes. Searching costs should not materially increase. IPTA notes that this option should result in significantly reduced costs for Australian applicants and designers who should have more confidence to use their Australian application as a priority claim for a partial design in other jurisdictions. IPTA observes that when considering infringement of an Australian Registered Design, the product name is limiting, as infringement is limited to products in relation to which the design is registered. That is not the case with some of Australia's major trading partners such as Europe and the USA, but is generally similar to Japan, South Korea and Singapore.

Coverage of similar products should provide designers with a sufficient and appropriate scope of protection.

### Option 3 – Protection for partial designs extends to any product

Option 3 would make searching the Australian designs records somewhat more difficult as a registration of a handle of a toothbrush, entitled handle, would have to be searched in many different Locarno classes covering any products that may have handles not just toothbrushes and related classes. For that reason, Option 2 would be preferred. However, IPTA also notes that improvements in searching technology recently implemented by IP Australia allow for the searching and comparison of images of designs, so the particular Locarno classification of a design may become less important for searching purposes. The technology available for searching and comparing designs can also be expected to improve over time.

Also, as discussed above, in Australia, infringement must be in respect of the product named. So, for example, a partial design of a handle of a toothbrush would need to be entitled handle – and would be searchable under that name, for it to be infringed by use of the same handle design on e.g. a motor vehicle. If the same design was entitled toothbrush handle or toothbrush, it would not be infringed by use of the same design on a motor vehicle door.

Hence IPTA also considers that option 3 is an option that could work in Australia and should also provide a better option than no change.

#### 1.2.1 Questions for Consultation

**P1. Do you consider that Australia’s approach to partial designs should be reformed? Why or why not?**

Yes – see comments above

**P2. What is your preferred option, and do you see any additional options for addressing the problem?**

Option 2 is preferred.

**P3. Has someone ever copied a part of your design and if so, can you describe your experiences**

N/A

**P4. In relation to partial designs have you found claiming priority from an overseas application problematic in Australia, and if so, can you describe your experiences?**

Members of IPTA regularly file applications with overseas priority claims, most commonly from the US and EEC, where it is often necessary to file a SoND positively claiming the parts of the design shown in solid lines. It is also usual to have to explain to the US or EEC instructor that the use of dashed lines to show disclaimed parts of a US or EEC design, does not have the same effect in Australia as it does in the country of the priority filing. All this adds to the cost and complexity of filing.

**P5. Have you found claiming priority from an Australian application problematic when seeking partial protection overseas, and if so, can you describe your experiences**

Members of IPTA regularly file applications for Australian applicants who subsequently file partial designs in other countries. Generally, this involves filing multiple different sets of

representations and deleting those not required from the Australian application. This results in increased costs for Australian applicants.

**P6. Are you aware of additional costs and benefits that have not been identified in this paper? If so, please provide further detail**

IPTA is not aware of additional costs and benefits not identified in the paper.

### 1.3 ACIP Recommendation 14

ACIP Recommendation 14 recommended reconsidering the treatment of virtual or non-physical designs, for example by allowing consideration of the product in its active state, not just its resting state, when considering validity

#### Option 1 - No Change

IPTA is not in favour of option 1. As indicated in Appendix 5 of the Public consultation paper, Australia is virtually alone in not recognising GUIs, icons and the like as suitable for design registration. The present system in Australia, which is described in the Public consultation paper as “Virtual designs can be registered but not certified” is entirely unsatisfactory. It is inconsistent to allow an applicant to register a design which cannot be enforced, and encourages applicants to waste money cluttering up the Designs Register with unenforceable Designs.

More and more “products” are ceasing to be embodied as physical products but exist as apps on a smartphone, computer or the like. The Australian designs system needs to catch up with reality and allow registration of GUIs and virtual designs. The current Designs Act with its focus on physical products is completely outdated in the 21<sup>st</sup> century where many new designs are virtual and, in some cases, active state and may involve projection of images. Such 3D virtual designs cannot be adequately protected by copyright, even if there was a desire to award the more lengthy term of copyright protection to such designs.

It is recognised in the consultation paper that the designs system should encourage innovation in Australian industry to Australia’s economic benefit, including through the creation of new designs. Not allowing effective design protection for a significant area of industry, particularly a new and innovative industry with export potential, makes little sense.

IPTA notes the consultation paper refers to recent (forthcoming) qualitative research by IP Australia that has provided anecdotal evidence that a number of Australian companies are investing heavily in digital design innovation (even if they are not registering designs). It is not surprising to IPTA that they are not registering designs if GUIs and virtual designs are effectively not registrable in Australia.

The option of making no changes would result in Australia remaining inconsistent with other jurisdictions, with an outdated designs system, that might disadvantage and discourage innovative digital design industries in Australia and by failing to provide options for design protection in Australia, is likely to discourage export minded Australian digital design companies from protecting their designs in export markets also. IPTA notes that overseas design protection is typically based on an initial Australian priority design application. If the Australian application is not filed because the design cannot be protected, the overseas application also may not be filed as there is no priority application and the designer may assume that overseas design law also does not allow for enforceable registration of virtual designs.

The option of making no change would also result in the unfortunate uncertainty as to whether virtual designs are protectable in Australia continuing.

Option 2 - Protect virtual designs as a visual feature of a product, i.e. protection is tied to a physical product

IPTA considers that either option 2 or option 3, discussed below would be preferred to option 1. Since the current Designs Act ties infringement to a product, it is not inconsistent with that approach to tie the virtual design to a physical product. This approach would not be as progressive and farsighted as protecting the virtual design as a product itself but would be workable, at least pending a more in depth review of the designs system.

Option 3 - Protect virtual designs as a standalone product i.e. protection is not tied to a physical product.

This is IPTA's preferred option. There is no reason why a virtual design should be tied to use with a particular product. This would align Australian designs law with the progressive European Union/UK approach.

IPTA notes that the consultation paper expects that Option 3 is expected to produce the same costs and benefits as Option 2 if successfully implemented. The paper notes that additional costs may arise in terms of searching, however, IPTA notes that searching of designs independent of classification is now possible with the new designs search system so does not see this as a major issue. Given the similarity in terms of costs and benefits IPTA prefers the more progressive approach of option 3, which appears to work well in the EEC and UK.

IPTA further notes that its preference for option 3, and its consideration that option 2 would also be workable, are largely aligned with the views and position of the International Federation of Intellectual Property Attorneys (FICPI).

### 1.3.1 Questions for Consultation

**V1. What is your preferred option, and do you see any additional options for addressing the problem**

IPTA's preferred option is option 3. Option 2 would also be acceptable.

**V2. Should protection for virtual designs be linked to a physical product? Why or why not?**

Because of the nature of a virtual design ideally it should not be linked to a physical product.

**V3. What types of virtual designs should or shouldn't be protected? E.g. (computer programs and/or other types of virtual designs such as fonts, holograms, animations etc.)**

IPTA is comfortable with a specific exclusion of computer programs, consistent with the EU and UK, but does not see the need to exclude any other types of virtual designs.

**V4. Do you consider that other existing forms of IP protection (such as copyright or trade mark protection) are sufficient for protection of virtual designs in Australia? Why or why not?**



Trade Mark protection is entirely unsuitable to protect virtual designs including icons, as a registered trade mark is only infringed if the use of the design *as a trade mark*. In most cases use of a virtual design will not be use as a trade mark.

While copyright provide some protection in certain circumstances, it is not a statutory monopoly, requires the owner of the copyright to establish ownership of copyright and establish actual copying. It is also unclear how copyright will protect designs which are not straightforward 2d images. It is also noted that the monopoly conferred by copyright is considerably longer than the limited monopoly provided by a Registered Design and IPTA is not aware of any evidence to suggest that virtual designs deserve a substantially longer period of protection than a design for a physical product.

**V5. Would partial design protection need to be provided as well to protect virtual designs effectively? Why or why not?**

The answer to this question largely depends on how the Act is amended to allow protection of virtual designs. If the design is not linked to a product (option 3) partial design protection may not be required, however as indicated above, IPTA is strongly in favour of allowing registration of partial designs.

**V6. Are you aware of additional costs and benefits that have not been identified in this paper? If so, please provide further detail.**

IPTA is not aware of any additional costs and benefits.

## 2 Early Flexibility for Designers

### 2.1 ACIP Recommendation 12

ACIP Recommendation 12 recommended introducing a grace period of six months before the filing date, together with a prior user defence. Applicants who rely on the grace period to protect the validity of their design rights should be required to file a declaration to that effect.

IPTA notes that IP Australia's preferred option is to introduce a 12-month grace period with a prior use infringement exemption. IPTA strongly agrees with the proposal to introduce a grace period.

IPTA further supports the consequent introduction of a prior use infringement exemption to allow continued use by third parties where use was begun prior to the earliest priority date. This protects third parties, and also discourages filing an initial application substantially after disclosure/use with reliance upon the grace period as a filing strategy to obtain a de facto extension of the term of a registered design.

IPTA disagrees with the proposal to require applicants who rely on the grace period to protect the validity of their design rights to file a declaration to that effect. Requiring such a declaration adds a substantial administrative and cost burden, is inconsistent with the Australian grace period provisions for patents, and appears to serve little purpose, as issues relating to 'grace period' disclosures before the priority date can be effectively dealt with during examination (or any other challenge to validity).

Requiring a declaration specifying all grace period disclosures is a heavy burden, and one that particularly disadvantages unsophisticated users. For larger corporate applicants, it would be a substantial burden on the person arranging registration of the design (and presumably responsible for any required declaration) to ensure all relevant disclosures are captured. Further, it might be impossible for such declarations to detail all public disclosures prior to filing (such as unknown disclosures by third parties derived from the applicant's prior disclosure).

Invalidation of a registered design only because of failure to declare a grace period disclosure appears inconsistent with ACIP's statement (on page 27 of the Final Report) that "[T]he main rationale for a grace period is to protect designers who through ignorance or inadvertence publish their design before seeking legal protection."

ACIP's rationale for favouring the requirement for a declaration was to assist examiners by allowing them to exclude declared disclosures from the prior art. However, it is not evident that the grace period provisions for patents (without a declaration) have caused any substantial problem for examiners – publications are cited in examination reports and it is open to the applicant to explain when such a citation is covered by the grace period. The idea that requiring a declaration would assist examiners is undermined by IP Australia's preferred option, as set out on page 8 - 10 of the consultation paper, that the grace period should apply automatically, without requirement of a declaration.

IPTA's view is that a 12 month grace period is appropriate. One reason for a 12, rather than 6, month grace period is it is more in keeping with a major trading partners which have a grace period (in particular Europe and the US). It is also more consistent with international grace period provisions in

general (as analysed quantitatively in the first to third paragraphs on page 6 of the consultation paper).

Another reason, relevant to Australian applicants, is simple consistency with the grace period for patents. Related to this, IPTA believes that many somewhat unsophisticated users are aware of the 12 month grace period for patents, but have limited if any knowledge of registered designs: if such users of the IP system contact patent attorneys (or otherwise more deeply investigate acquisition of rights) between 6 and 12 months from the initial disclosure, it would be beneficial, and appropriate, for the designs option to remain open.

The 12 month grace period is consistent with IP Australia's preferred option. IPTA believes that the grace period should date back from the Australian filing date. This avoid undesirable complexity and provides consistency with Australian grace period provisions for patents.

### 2.1.1 Questions for Consultation

**Question 1: If Australia introduces a grace period, do you foresee any issues with implementing the preferred option? IP Australia would be interested to hear from stakeholder as to whether:**

**a. the grace period should be six-months or twelve months in duration**

IPTA's view is that the grace period should be 12 months in duration.

**b. the grace period should extend from the filing date or the priority date**

IPTA's view is that the grace period should extend from the Australian filing date.

**c. an applicant should be required to declare any disclosures**

IPTA's view is that the applicant should **not** be required to declare any disclosures

**d. any specific conditions should apply to a prior use infringement exemption for designs.**

IPTA's view is a prior use exemption equivalence to s.119 of the Patents Act appears appropriate.

## 2.2 ACIP Recommendation 9

ACIP Recommendation 9 appears to be in favour of allowing deferral of publication, while allowing early publication to be requested if desired. The intention would be to accompany the provision for deferral of publication, by amendment of S75 of the Designs Act, apparently to provide that damages are payable only back to the time of publication. The ACIP recommendation is to allow deferral until 6 months from filing, but to 'automatically' publish at that time.

IPTA believes that automatic publication 6 months after filing (per the ACIP recommendation) is undesirable: this would potentially disadvantage Australian applicants since applications claiming overseas priority could have up to 12 months from the earliest priority date before publication, whereas applications first filed in Australian would have only 6 months.

The present system effectively allows deferral of publication until six months after the priority date, plus the time taken for the application to pass the formalities check (by deferral of the request for registration until six months after the priority date.) Thus automatic publication 6 months after filing would, at least for applications not claiming priority, **not** represent a deferral of publication at all, but rather a decrease in the maximum period between filing and publication.

IPTA believes that automatic publication 6 months after the priority date (which for many Convention applications would be upon, or immediately after, filing) is undesirable, as for Convention applications this would not amount to deferral at all. Further, for some overseas applicants this would make the Australian publication the first publication (or first mandatory publication) of the design, which creates a potential disincentive to filing in Australia. If there is to be deferral followed by 'automatic publication' then this should be 12 months from the priority date in order to put Australian and overseas applicants in the same position in terms of publication after the earliest priority date, while still providing a deferral. It is noted that the mandatory publication for patent applications has a broadly global timeframe of 18 months, measured from the priority date.

However, IPTA is not in favour of automatic publication prior to registration.

IPTA believes that automatic publication which may occur prior to registration would substantially complicate the Australian designs system, as it will require, in many cases, both publication of a pending application and further publication of the design as registered. (Depending on other changes, which may allow greater amendment during examination than currently permitted, a further publication of the 'certified' design may be required.) One of the intentions behind the ACIP recommendation was to "*minimise[s] red tape and complexity for users of the system*" including "*unsophisticated users*". Automatic publication of designs that have not yet been registered does not appear to achieve this. Accordingly, IPTA agrees with IP Australia's preferred option, which is to maintain the publication provisions as they currently stand.

Alternatively, ACIP's suggestion of automatic publication seems to be in response to some parties achieving "*effective deferral*" which "*creates unnecessary complexity and disadvantages unsophisticated users of the system*". Allowing statutory deferral beyond the current timeframes for publication would counter such effective deferral by sophisticated users of the system that might be unavailable to unsophisticated users. Accordingly, even without automatic publication, allowing a reasonable period of deferral of publication (e.g. at least 12 months from the priority date) would have the effect of placing sophisticated and unsophisticated users on more equal footing in relation to publication date. Thus, while IPTA agrees with IP Australia's preferred option, which is to maintain the publication provisions as they currently stand, if it is considered necessary or desirable to apply some positive measure for deferral of publication, there appears to be some virtue in allowing deferral of publication (but not automatic publication prior to registration) until 12 months from the priority date.

IPTA notes that for unsophisticated Australian users the current provisions, which allow deferral of publication by deferring the formal request for registration until close to the statutory six-month deadline, is a dangerous option because there is a risk of the deadline being missed and consequent lapsing of the application. The requirement to positively request registration by the six-month deadline also amounts to an unnecessary administrative burden on sophisticated users and attorneys. IPTA therefore supports a deemed request for registration at, or immediately preceding the six-month deadline.

### 2.2.1 Questions for Consultation

#### Question 2:

##### a. Do you support Option 1 of no change?

IPTA supports Option 1 of no change – but with a deemed request for registration 6 months from the priority date (or immediately before the expiry of any other mandatory period for requesting registration, if applicable) while maintaining the option of requesting registration earlier if an applicant desires.

##### b. Do you prefer deferred publication through deferred registration under proposal 2.3 or one of the deferred publication options in proposal 2.2?

IPTA supports deferred publication through deferred registration, in accordance with the ‘no change’ option.

##### c. If proposal 2.2 is preferred:

###### a. should Australia adopt an optional deferred publication or fixed publication regime?

IPTA prefers optional deferred publication. IPTA does not support fixed publication which may occur prior to registration.

###### b. how long should the period of deferment last?

A formal period for deferment is not preferred, in accordance with the “no change” option. However, if a formal period for deferment is to be introduced it should actually serve to defer publication compared to normal publication timeframes under current practice, and should therefore be at least 12 months.

###### c. should the period of deferment be calculated from the priority date or the filing date?

A formal period for deferment is not preferred, in accordance with the “no change” option. However, if a formal period for deferment is to be introduced, then to avoid disadvantage to Australian applicants it should be calculated from the priority date. In order to be workable, and an actual deferment (compared to the current regime) the deferment cannot be 6 months from the priority date, and should therefore be at least 12 months.

### 2.3 ACIP Recommendation 5

ACIP Recommendation 5 recommends removing the option of the publication regime (i.e. without registration) from the designs process.

IPTA sees some virtue in the publication (without registration) option, as it allows designers to obtain an entry on the register for designs which are not susceptible of registered design protection (for example because of prior use in Australia or publication). At least in principle, such publications have a greater likelihood of being cited against later design applications than would other forms of publication.

However, IPTA notes that this option is rarely used. Further, introduction of a grace period is likely to reduce the incidence of important designs which are unregistrable due to prior use or publication. Further, the publication (without registration) option is likely to be used only by sophisticated users of the designs system who are likely to be aware of other methods of achieving citable publication. For example, given that “protection” of a registered design may be regarded as being provided by certification rather than registration, filing a normal application (with a request for registration) might not be seen by most users as problematic, even for designs known to be unregistrable.

For users for whom it is particularly important that they are not seen to be applying for rights to which they are not entitled, requesting early registration/publication and simply withdrawing the registration immediately after registration/publication, may be a satisfactory option, and of course, ‘defensive’ publication via other media remains an option.

Accordingly, in order to assist in simplifying the system, IPTA agrees with the ACIP recommendation (and with IP Australia’s preferred option) to remove the option of publication without registration.

### 2.3.1 Questions for Consultation

#### **Question 3: Do you foresee any issues with implementing the preferred option?**

In view of the discussion above, IPTA does not foresee any substantial issues with implementing the preferred option of removing the publication (without registration) option.

## 3 Simplifying and clarifying the designs system

### 3.1 Modernise Schedule 2 of the Designs Regulation 2004

Schedule 2 of the Designs Regulations 2004 sets out the form that documents must take to be accepted for filing or publication. Schedule 2 is largely based on the system of paper filing, which was in use at the time of drafting the regulations. Currently, over 99% of design applications filed with IP Australia are received electronically. Requirements that specify the form that documents filed on paper should take are not relevant to modern electronic filing practices. Consequently, aspects of Schedule 2 are outdated, and are no longer fit for purpose.

The two options presented by IP Australia to address the above are:

- Option 1 - Amend Schedule 2 to the Design Regulations to modernise the formal requirements;
- Option 2 - Replace Schedule 2 to the Designs Regulations with a non-legislative instrument specifying the formal requirements

IPTA largely agrees with the discussion on Option 1 and 2, and agrees Option 2 is to be preferred.

#### 3.1.1 Questions for Consultation

##### **Question 1: Do you see any unintended consequences with the preferred Option 2?**

In advance of consideration of the mode of expression for Option 2, IPTA does not see any unintended consequences.

### 3.2 ACIP Recommendation 4

ACIP Recommendation 4 recommended to change the terminology for a registered but uncertified design to make it clear that the design does not, until certification, confer enforceable rights. ACIP recommended that the term 'uncertified design' be used.

The options presented by IP Australia are:

- Option 1 – Introduce 'uncertified design' terminology;
- Option 2 – Introduce 'uncertified design' and 'certified design' terminology.

IPTA is very much aware of design owners and third parties being confused by the designations of registered and certified designs. However, it is believed this will continue under each of the Options 1 and 2 but, of these, option 2 is preferred.

Applicants' understanding of the nature of design rights varies from non-existent to sophisticated and soundly based, while verbal skills vary similarly, but not necessarily in parallel. The terms "uncertified" and "certified" in relation to a registration lead to confusion that is heightened by the terms, if known, being recognised as varying in meaning with the context in which they are used. The confusion is further increased by the fact that an uncertified design is registered by a granting authority in exchange for a fee payment, with this tending to suggest the uncertified design is of some immediate practical significance. Careful explanation seems not always to help, presumably because securing registration marks an end of the exercise, and the explanation can be reviewed later if necessary.

The term “uncertified” can denote not endorsed, not confirmed, or not authoritatively approved but, as with an uncertified accountant or an uncertified teacher, it does not necessarily indicate a lack of worth. An uncertified design of course can have real worth that ranges from merely having deterrent potential to in fact having considerable worth, as is able to be established by thorough examination of its newness and distinctiveness. However, the critical point is that an uncertified design is untested because it has not been appropriately examined – and simply referring to an “uncertified design” by the preferred designation of “unexamined design” seems to say all that is necessary. The term “certified”, apart from distracting meanings in the context of mental health, can have unclear meanings, such as guaranteed at one extreme, to proven by issuance of a certificate at another. No searching authority would issue a guarantee (of validity after examination), and a certificate designating certification does not seem to clarify the status of a registration. However, a relevant point for a certified registration is that the design in question has been examined by being subjected to an appropriate search and has survived this exercise.

Qualifying a design registration as “unexamined” or “examined” is considered sufficient and more meaningful than “uncertified” or “certified”, particularly to the owner of a design advised that examination is not necessarily the end of the road given the possibility of re-examination being requested by a third party. That is, the owner of a design readily is able to understand that, subject to any formality deficiencies to be overcome, an application results in registration without any examination to determine whether the design is new and distinctive, particularly as before and on registration the owner is made aware that the registration is not an enforceable right until the design has successfully survived examination.

### 3.2.1 Questions for Consultation

**Question 2: IP Australia is particularly interested to hear from designers/IP professionals in relation to the following matters:**

**a. During the ACIP Designs Review, interested parties advised that the terminology in the Designs Act causes confusion as to the status of a registered design. Is this your experience, either as a designer or IP professional?**

It is our regular experience that the terminology causes confusion.

**b. Do you consider that the registered design terminology should be reformed?**

Yes, the terminology should be reformed.

**c. Do you see any unintended consequences with the preferred option?**

It is considered that neither Option will fully resolve the matter, but further unintended consequence is envisaged.

**d. Do you have an alternative preferred term for a registered design without certification?**

As indicated above, ‘unexamined’ and ‘examined’ are considered to be clearer and more pertinent than ‘uncertified’ and ‘certified’.



### 3.3 ACIP Recommendation 18

ACIP Recommendation 18 made a number of sub-recommendations to amend the legislation to address specific anomalies identified by stakeholders. IPTA's view on each of these sub-recommendations, including our view on their priorities, are provided below.

*3.3.1.1 Consultation Question 3A: Do you consider any of the following issues to be of high priority?*  
IPTA does not regard any of the issues (18a) to (18i), inclusive, to be of high priority.

#### 3.3.2 Identity of Convention applicants (18a)

The sub-recommendation 18(a) is considered to resolve the inconsistency between sub-regulation 3.06(2) and section 13. However, the broader listing of persons in section 13 should prevail to allow for a change, within the Convention period, from an initial applicant to another person who is filing the Australian application with a claim to priority without regard to the standing of the initial applicant.

*3.3.2.1 Consultation Question 3B: Does the proposed amendment resolve the present inconsistency between sub-regulation 3.06(2) and section 13?*

IPTA considers the proposed amendment does resolve the present inconsistency, but that allowance should be made for a change in the relevant person within the Convention period.

#### 3.3.3 Different requirements for Convention applicants (18b)

This is an issue considered more appropriate for review in the context of an international assessment of the scope for harmonisation on protection of designs. In any event, it is not an issue on which any other country offers reciprocal support for Australian applicants seeking protection outside Australia. Also, the extent of variation between countries would make this altruistic sub-recommendation difficult to enact, particularly if increased uncertainty in the scope of design protection obtained in Australia is to be avoided. Areas in dotted or broken line is an example of this as:

- In Australia, features shown in this manner may be given less weight, and should be disregarded if this is required by the applicant; and
- While in some countries such features may be disregarded, at one extreme some countries do not allow such outlines at all. In contrast, practice in the USA allows the filing of an embodiment entirely in dotted or broken outline to provide a basis for multiple divisional applications differing in the selection of parts shown in a divisional partly in solid outline (even though the designs for such divisional applications were not expressly disclosed in the parent application). There seems to be insufficient justification for the sub-recommendation, particularly given the complexity it would introduce.

*3.3.3.1 Consultation Question 3C: Does the proposed amendment remove the disadvantage to Convention applicants? Are there other disadvantages?*

IPTA considers the suggested disadvantage to Convention applicants does not warrant the proposed amendment and that there are no other related disadvantages in need of being addressed.

### 3.3.4 Allow a court to refuse to revoke a design registration (18c)

A lack of entitlement, either at registration or at the time of revocation, would seem as a practical matter only to arise from an error in the designation of the person or persons having entitlement at the time of the application and a failure to correct this error. The only grounds stipulated under section 93 are expressed in terms of “may revoke”, clearly allowing discretion (such as “unless the court is satisfied, in all the circumstances, it is just and equitable”). However, enacting the observation would appear not to be inappropriate.

#### 3.3.4.1 *Question 3D: Is the proposed amendment necessary since courts have an inherent discretion not to act in appropriate circumstances?*

IPTA considers the proposed amendment is not necessary.

#### 3.3.4.2 *Design registrations are revocable on the basis of a lack of entitlement at the time of the revocation proceeding (rather than at the time of registration) (18d)*

This sub-recommendation also would seem to have very limited relevance, as it appears to be concerned with a change from circumstances from appropriate entitlement at the time an application for registration was filed. However, a lack of entitlement at the time of revocation proceedings would seem almost exclusively to be due to a lack of entitlement at the time of the relevant application for registration.

#### 3.3.4.3 *Consultation Question 3E: Should the Designs Act be amended to allow a court to revoke a design registration, in appropriate circumstances, at any time after the design is registered?*

IPTA considers the proposed amendment is not necessary.

### 3.3.5 Expand the prior art base to include all designs (18e)

This sub-recommendation is considered to be superfluous as subsection 15(2) is devoid of reference to any product, let alone the product for which registration of a design is sought. However, having regard to section 19 and contrary to the thrust of this sub-recommendation, it is IPTA’s proposal that subsection 15(2) be limited to designs in respect of products that the informed user would regard as relevant, having regard to the nature of the product for which the registrability of a design is being compared. This, to a limited extent, would redress the quite impossible task faced by a design applicant in deciding how best to present a design in seeking registration, such as in wording a Statement of Newness and Distinctiveness, in the face of a completely unknowable prior art base, when a wrong choice can severely reduce the prospects for appropriate design protection.

#### 3.3.5.1 *Consultation Question 3F: Is the proposed amendment necessary to clarify subsection 15(2), that is, there is no basis for suggesting that the prior art base does not include designs for ‘other products’?*

IPTA considers the proposed amendment is not necessary and that there is no basis for suggesting that the prior art base does not include designs for ‘other products’.

### 3.3.6 Allow revocation of a design registration on the basis of fraud during certification (18f)

The intent of the sub-recommendation is appropriate. It is necessary, and probably intended, that amended paragraph 93(3)(d) encompasses that “the design was either:

- obtained, or
- subsequently maintained,

by fraud, false suggestion or misrepresentation”.

*3.3.6.1 Consultation Question 3G: Does the proposed amendment resolve the problem, as outlined, completely?*

IPTA considers the proposed amendment completely resolves the problem, as outlined.

*3.3.7 The opportunity to amend is broadened to allow for amendment other than to overcome a ground of revocation (18g)*

This sub-recommendation reflects the inflexible nature of current amendment provisions, such as in allowing a registered owner to reconsider or amend information. There would be benefit for a registered owner in being able to amend a registration voluntarily, such as to include a SoND where one has not been filed, to amend a SoND or to amend the representations to remove an inconsistency between representations, in each case in accord with subsection 66(6).

It is not seen that such amendments would not have an adverse impact on other aspects of the design system, or the established use of a SoND, while allowing amendment prior to examination is likely to beneficially assist with examination

*3.3.7.1 Consultation Question 3H: What would be the impact on other aspects of the designs system, for example, the use of a SoND, if voluntary amendments were allowed at any stage prior to examination of the design?*

IPTA considers allowance of voluntary amendments at any stage prior to examination of the design would introduce a needed ability to address and correct inadvertent errors and to narrow the scope of protection, such as to distinguish over a prior art design not known prior to registration.

*3.3.8 Allow exclusive licensees to commence court proceedings (18h)*

This sub-recommendation is considered to be appropriate, and to solve the problem, in parallel with other IP legislation.

*3.3.8.1 Consultation Question 3I: Does the proposed amendment resolve the problem, as outlined, completely?*

IPTA considers the proposed amendment completely resolves the problem, as outlined.

*3.3.9 Align the grace period for renewal deadlines with other IP rights (18i)*

This sub-recommendation is considered to be appropriate, and to solve the problem, in parallel with other IP legislation.

*3.3.9.1 Consultation Question 3J: Does the proposed amendment resolve the problem, as outlined, completely?*

IPTA considers the proposed amendment completely resolves the problem, as outlined.

## 4 Other Submissions

As indicated in our 2015 submission to the ACIP paper “Review of the Designs System – Options Paper”, IPTA believes that the current 10 year term for designs is too short, and strongly supports an extension of the term to between 15 and 25 years.

IPTA does not believe that the change of term should be linked to joining the Hague Agreement, although IPTA notes that it would be a requirement if Australia were to join which itself indicates that Australia’s 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 is comfortable with renewal of only certified designs, provided that the system is workable, 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 would be very pleased to be involved in the ongoing policy development process and to provide further information or clarification in relation to the responses and submissions provided above.

Yours sincerely,



**Michael J Caine**  
President  
Institute of Patent and Trade Mark Attorneys of Australia