



Australian Government

Advisory Council on Intellectual Property



Review of the Designs System ISSUES PAPER

September 2013

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Glossary of terms

ACIP	Advisory Council on Intellectual Property
ADDS	Australian designs data searching (database)
ALRC	Australian Law Reform Commission
AOJD	Australian official journal of designs
AUSFTA	Australia-United States Free Trade Agreement
GUI	graphical user interface
IP	intellectual property
IPCRC	Intellectual Property and Competition Review Committee
IPR	intellectual property rights (e.g. patents, trade marks and designs)
LOC	Locarno Classification
OHIM	Office for Harmonization in the Internal Market
RCD	registered community design
SCT	Standing Committee on the Law of Trademarks
SoND	statement of newness and distinctiveness
TRIPS	World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights
UCD	unregistered community design
UDR	unregistered design right
UK IPO	United Kingdom Intellectual Property Office
USPTO	United States Patent and Trademark Office
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

1. Background Information

1.1 Background

The current designs system has been in operation since the commencement of the *Designs Act 2003* (the 2003 Act) on 17 June 2004. In recent years a variety of concerns have been raised about the effectiveness of the designs system and whether it is meeting its original policy objectives. The designs system has not been comprehensively reviewed since its commencement in 2004.

1.2 Advisory Council on Intellectual Property

The Advisory Council on Intellectual Property (ACIP or the Council) is an independent body appointed by the Australian Government to provide advice to the Minister for Innovation, Industry, Science and research and IP Australia on matters relating to Australia's intellectual property (IP) system and the administration of the system by IP Australia. Members of the Council are drawn from the business and manufacturing sectors, the patent attorney and legal professions, government, the tertiary and research sectors, and technology and commercialisation groups. IP Australia is the Australian Government agency responsible for administering the patents, trade marks, designs and plant breeder's rights systems.

1.3 Terms of Reference

In May 2012, the then Parliamentary Secretary for Industry and Innovation, the Hon Mark Dreyfus QC MP, directed that ACIP investigate the effectiveness of the designs system in stimulating innovation by Australian users and the impact the designs system has on economic growth. The following Terms of Reference were endorsed:

Inquire, report and make recommendations to the Australian Government on the operation and effectiveness of the *Designs Act 2003* in supporting innovation, having regard to:

- any new opportunities for enhancing the Act's effectiveness and efficiency; and
- any deficiencies and unintended consequences arising from the Act's implementation.

1.4 Submissions

ACIP is committed to engaging with stakeholders at each stage of the review process. The purpose of this Issues Paper is to provide a framework for seeking stakeholders' views on the major issues identified in the Terms of Reference. Responses to this Consultation Paper will inform ACIP's initial deliberations and will provide a basis for research to support the review.

ACIP invites any interested parties to make a written submission in response to this Issues Paper. In particular, ACIP seeks responses to Questions 1-22 contained in Chapter 3. However, the main purpose of the paper is to provoke discussion and any other relevant comments are very welcome. Where possible, submissions in electronic format are preferred.

Submissions should be sent to:

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Email: mail.acip@ipaustalia.gov.au Telephone: 02 6283 2582

The closing date for submissions is 31 October 2013.

1.5 Further consultation

ACIP would welcome submissions in the format of responses to the numbered questions below. However respondents may raise any additional issues that are relevant to the Terms of Reference.

Once all written submissions have been considered, ACIP may conduct round table or one-on-one discussions with interested parties. ACIP would appreciate those making submissions to indicate whether they would be interested in participating in any such discussions and provide contact details.

Submissions will be in the public domain unless explicitly requested to be confidential. A request made under the *Freedom of Information Act 1982* (FOI Act) for access to a submission, including a confidential submission, will be determined in accordance with that Act. You will be consulted if someone requests access under the FOI Act to your confidential submission.

2. Design system

2.1 The Registered Designs System

Design has different connotations in different fields and the term ‘design’ typically includes both the function and the appearance of an object. On one general view a design is a plan, pattern or blueprint used to construct an object. However, a Registered Design right, means for this Review, only a right in the overall appearance including the shape, configuration, pattern and ornamentation, of a product resulting from one or more visual features of the product.

Design rights give a designer an exclusive right to exclude other parties from using or imitating their design for a set period of time. A registered design provides the owner protection for the visual appearance of the product but not the feel of the product, what it is made from or how it works. Design registration is intended to protect designs which have an industrial or commercial use. Some artistic works may be able to be protected under both the *Designs Act 2003* (2003 Act) and the *Copyright Act 1968*.

Design rights are generally sought for economic reasons. As a source of product differentiation, a design can be important in the commercialisation and marketing process.

High costs incurred when developing a design, coupled with subsequent low costs for copying, mean that there may be too little design creation in an unregulated environment. The design system exists to counter this apparent market failure. The right to exclude other parties from using a design provides opportunities for the owner to recoup their investment costs through exclusive exploitation of their design. Design rights thus provide an incentive for innovation.

Nonetheless, like other laws establishing IP rights such as patent law, effective designs laws must strike a balance. They must be sufficiently strong to prevent excessive copying and thus encourage adequate financing and investment, but they must not be so restrictive that they act as a barrier to further innovation or prevent the normal free flow of ideas.

2.2 Changes embodied in the *Designs Act 2003* (Figure 1)

The *Designs Act 2003* (2003 Act) replaced the *Designs Act 1906* (1906 Act). The main changes are summarised below (see Appendix 2 for further details. Appendix 3 gives more information on the current design protection process).

<i>Designs Act 1906</i>	<i>Designs Act 2003</i>
Design registrations applied to an article	Design registration is in relation to a product
Registration is for a period of up to 16 years	Registration is for a period of up to 10 years
Design must be new or original	Design must be new and distinctive
Prior art base consists of documents published in Australia and acts done in Australia publicly disclosing the design.	Prior art base consists of documents published anywhere in the world and acts done in Australia publicly disclosing the design.
Registrability of a design is considered in the light of differences between the design and the prior art base.	Registrability of a design is considered in the light of similarities between the design and the prior art base.
Application is fully examined before being registered.	Application registered following a formalities check without substantive examination.
For infringement, a design needs to be an obvious or fraudulent imitation of a registered design.	For infringement, a design must be identical or have a similar overall impression as a registered design.
The owner of a design may bring an action for infringement once the design is registered .	The owner of the design may bring an action for infringement only after the registration has been examined and a Certificate of Examination issued .
Only one design per registration.	Possible to have more than one design per application.
There is no defence in relation to manufacture of spare parts meaning spare parts must be produced with permission from the holder of the design right.	Defence for the manufacture of spare parts, meaning spare parts can be produced without permission from the holder of the design right.

2.3 Patterns in Design right applications

Appendix 4 provides some statistics regarding use of the design system in Australia.

Table 1 provides information about the Australian design statistics since 2002:

- On average, 6,000 design applications are filed each year. Filings have risen since the introduction of the 2003 Act;
- Over 90 percent of applications proceed to registration. (The table shows a spike in registrations in 2006; this is due to completion of processing 1906 Act cases);
- Approximately 20 per cent of total registrations request examination. Most are certified, with 10 per cent of these receiving a deficiency notice where issues are not able to be rectified, or the applicant chooses not to proceed.

Table 2 compares Australian resident applicants against those lodged by foreign applicants:

- Historically, the majority of design applicants are Australian residents.
- Although the number of applications by Australian residents has remained relatively steady, there has been a recent increase in the number of foreign applicants. This trend started with the introduction of the 2003 Act from June 2004. It is not clear if foreign applicants were attracted to file in Australia due to the changes introduced by the 2003 Act, or whether it is due to a general increase in filings worldwide.

Table 3 provides information about renewals:

- Under the 1906 Act, over 80 per cent of registrations would be renewed to six years (first renewal period), with half of these being renewed to 11 years. Typically, less than 20 per cent of applications filed in any given year continue in force for the full 16 years (after payment of the third and final renewal fee).

Table 4 provides information about the top classifications (categories) in which applications have been filed.

- The top classification in the period 2006 – 2012 is Classification 8 – Tools and Hardware.
- Filing spikes can be seen in a variety of instances across the years i.e. Classification 8 in 2006 and 2008, Classification 9 in 2011 and 2012 and most notably Classification 14 in 2008 and 2012. These spikes may be attributed to an applicant filing a substantial number of applications in the same classification at the same time or within a short period of time. Some of these instances are indicated in Table 5.

Table 6 compares designs filed in selected international offices:

- The majority of the listed offices show an increase in design filings from 2005 to 2012, particularly in China.
- However, filings over this period in Japan and France show significant decreases whilst in New Zealand, filings have been generally stable.

2.4 Assessment of the designs system

The Australian Law Reform Commission (ALRC) commenced a review of Australia's industrial designs laws in 1992.¹

As a part of the review, the ALRC published two consultation papers (both titled *Designs* – an Issues Paper (IP11) in 1993 and a Discussion Paper (DP58) in 1994) that contained recommendations to modernise and simplify Australian designs laws. The review found that the designs system under the 1906 Act provided ineffective protection with registration being too easy to obtain and infringement being too difficult to prove. Hence, the ALRC concluded that designs laws need to be tailored to encourage innovation in Australian industry. The ALRC Report 74 recommended the Government improve the designs system by providing clearer definitions, stricter eligibility tests and broader protection against infringement, a more streamlined registration system and better enforcement and dispute resolution procedures. Thus it was hoped that the revised designs laws would prevent competitors from free-riding on design innovation and thereby provide investors in design with security for their investments.

The impact of the registered design right is uncertain, because research has shown it to have a very low, if any, impact on company performance in both Australia and elsewhere.² However, other research on UK companies shows that design-intensive companies (companies that invest more heavily in design activity than their counterparts) exhibit stronger export performance and productivity growth than their counterparts.³ Design activity does play an important role in supporting the increasing globalisation of supply chains.⁴

Stakeholders responding to ACIP's Issues Paper for the co-pending *Review of the Innovation Patent System* have raised significant concerns regarding the costs for enforcement of certified innovation patents. It is not clear whether owners of designs have similar concerns—especially regarding the costs involved in obtaining the registration and/ or certification of a design, as well as the costs of enforcing a certified design.

¹ Australian Law Reform Commission 1995, *Designs* (ALRC Report 74), (available from: <http://www.alrc.gov.au/inquiries/designs>), accessed 29 August 2013.

² For Australia, Buddelmeyer H, Jensen P and Webster E (2010). Innovation and the determinants of company survival. *Oxford Economic Papers* 62:261–85. A similar result for the UK is found in Bascavusoglu-Moreau E and Tether B (2011). Design economics chapter two: registered designs & business performance – exploring the link. In *Design Economics* report for the UK Intellectual Property Office, 2011/6 (www.ipo.gov.uk/ipresearch-designsreport2-201109.pdf).

³ Big Innovation Centre (2012). *UK design as a global industry*, Report for the UK Intellectual Property Office 2012/14 (www.ipo.gov.uk/ipresearch-ukdesign-201207.pdf).

⁴ Big Innovation Centre (2012). *UK design as a global industry*, Report for the UK Intellectual Property Office 2012/14 (www.ipo.gov.uk/ipresearch-ukdesign-201207.pdf).

2.5 Comparison with other jurisdictions (Figure 2)*

<i>Jurisdiction</i>	<i>Examination system</i>	<i>Duration of Protection (years)</i>	<i>Fees in AUD⁵ Application; Examination; Renewal</i>	<i>Allows multiple designs in a single application</i>	<i>Grace Period / Deferment / Unregistered Design Right (UDR)</i>	<i>Hague Member</i>
Australia	Formalities check and substantive examination if requested	10	\$250; \$420; \$320	Yes	No ⁶	No
China	Formalities check and non-substantive examination	10	\$111; n/a; 134 pa	No ⁷	No ⁸ .	No
Japan	Formalities check and substantive examination	20	\$259; \$140; \$270	No ⁹	Limited grace period	No
United States	Formalities check and substantive examination	14 ¹⁰	\$180; \$460; \$626 ¹¹	No	Grace period ¹²	Pending
Republic of Korea (2 routes) ¹³	(1) Formalities check only ¹⁴	15	\$60; n/a; \$70 increasing	(1) Yes ¹⁵	No	No
	(2) Formalities check and non-substantive examination	15	\$60; n/a; \$70 increasing	(2) No	Grace period ¹⁶	
Singapore	Formalities check and non-substantive examination	20	\$200; n/a; \$220 increasing	Yes	No ¹⁷	Yes
United Kingdom (2 routes) ¹⁸	(1) Formalities check and non-substantive examination	25	\$132; n/a; \$286 increasing	Yes ²⁰	Deferment ²¹	Planned
	(2) Unregistered Design Right	15 ¹⁹	Nil			

⁵ Additional fees may apply when documents are lodged by means other than electronically.

⁶ Applicants are not disadvantaged by non-consented display or official international exhibiting.

⁷ Sets and variants allowed (max 10).

⁸ Applicants are not disadvantaged by non-consented display or official international exhibiting.

⁹ Sets or variants may be allowed.

¹⁰ From grant. However, the US is acceding to the *Hague System for the International Registration of Industrial Designs* and, once a member this term will increase to 15 years. More information on the US accession to the Hague System is available from: http://www.uspto.gov/blog/director/entry/a_new_chapter_for_protection, accessed 29 August 2013.

¹¹ Discounts apply for small entities and micro entities.

¹² 12 months.

¹³ The type of procedure depends on the subject matter of application.

¹⁴ With opposition process.

¹⁵ Up to 20.

¹⁶ 6 months.

¹⁷ Applicants are not disadvantaged by non-consented display or official international exhibiting.

¹⁸ Also eligible for a Registered Community Design (RCD) and Unregistered Community Design (UCD) that is available to all member countries of the European Union and is administered by the Office for Harmonization in the Internal Market (OHIM).

¹⁹ Or 10 years from first sale.

NZ	Formalities check and non-substantive examination	15	\$88.50; n/a; \$88.50	No ²²	No ²³	No
Thailand	Formalities check and substantive examination	10	\$10; \$10; \$20 increasing	No	No	No
Malaysia	Formalities check and non-substantive examination	25 ²⁴	\$160; n/a; \$250	Yes	Grace period ²⁵	No
India	Formalities check and substantive examination	15	\$20; n/a; \$40	Yes	No ²⁶	No
Canada	Formalities check and substantive examination	10	\$487; \$400; \$425	No ²⁷	No grace period ²⁸ Deferment	No
France (2 routes) ²⁹	(1) Formalities check only	25	\$75; n/a; \$99	Yes (up to 100)	No ³⁰	Yes
	No examination available					
	(2) Simplified form	3	\$75; n/a; n/a	Yes (up to 100)		
Germany ³¹	Formalities check and non-substantive examination	25	\$138; n/a; \$177 increasing	Yes ³²	Deferment	Yes
European Union	(1) Formalities check and non-substantive examination	25	\$486; n/a; \$125 increasing	Yes (up to 99) ³⁴	Grace period ³⁵	Deferment
	(2) Unregistered Community Design	3 ³³				Yes

* Data from: Kluwer Law International BV 2013, Manual for the Handling of Applications for Patents, Designs and Trade Marks Throughout the World, Supplement No. 148, June 2013.

²⁰ Each additional design has application cost of £40.

²¹ For a fee, up to 12 months. Recent reforms also include the option to extend deferment up to 30 months.

²² Sets are allowed.

²³ Applicants are not disadvantaged by non-consented display or official international exhibiting.

²⁴ From 1 July 2013.

²⁵ 12 months.

²⁶ Applicants are not disadvantaged by non-consented display or official international exhibiting.

²⁷ Sets or variants may be allowed.

²⁸ Applicants are not disadvantaged by non-consented display or official international exhibiting.

²⁹ Also eligible for EU RCD and UCD.

³⁰ Applicants are not disadvantaged by non-consented display or official international exhibiting.

³¹ Also eligible for EU RCD and UCD.

³² Up to 100 per application (at 7 € per design).

³³ 3 years from the date on which the design was first made available to the public within the European Union and no extension.

³⁴ No special limit on the number of designs to which a multiple application may relate, but if the application is filed via the internet, the application may contain no more than 99 designs. Additional registration and publication fees apply in 2 fee bands for each design from the 2nd to 10th design inclusive (115 €+ 60 € respectively), and for each design from the 11th design onwards (50 €+ 30 € respectively).

³⁵ 12 months.

3. Current Concerns and Emerging Issues

Whilst there has been no formal review of the 2003 Act since its implementation, ACIP has sought views from a small group of stakeholders to identify current issues and concerns. In October 2005, IP Australia invited views from stakeholders and interested parties on issues that had been raised since the 2003 Act came into effect. That Issues Paper provided information on only three areas (harmonisation with international practices, introduction of a grace period and fees). The following issues have been identified in recent investigations:

- Duration of design protection
- Grace period
- Statement of Newness and Distinctiveness
- Publication
- Unregistered Designs Rights (UDRs)
- Harmonisation with international practices (i.e. The Hague Agreement)
- Border Protection Measures
- Design overlap with other IP rights
- Threshold of registrability
- Confusion regarding the registration/publication/examination process;
- The (potential) impact of new technologies, such as 3D printing technologies and graphical user interfaces.

ACIP welcomes additional comments on other issues.

3.1 Duration of design protection

The 1906 Act allowed for a total term of 16 years, with the first year effectively serving as an opposition period, followed by three optional renewal periods each of five years. The Australian Law Reform Commission (ALRC) found in ALRC Report 74 that this initial year arrangement was confusing to users of the system.³⁶ It recommended its absence from any new legislation.³⁷ This was accepted by the Australian Government.³⁸

The *Hague System for the International Registration of Industrial Designs* requires its members to offer a minimum term of 15 years (the actual terms of some member state are shown in Figure 2).³⁹ The ALRC considered the possibility that Australia would enter that system to be persuasive factor. This also aligned with their view that the 1906 Act term should remain (without the initial year). This resulted in

³⁶ALRC Report 74, at [10.3].

³⁷ *ibid.*, see Recommendation 104.

³⁸ The full Australian Government response to ALRC Report 74 is available from:

<http://www.alrc.gov.au/inquiries/designs/government-response-alrc-report-74>, accessed 29 August 2013.

³⁹ The *Hague System for the International Registration of Industrial Designs* provides a mechanism for registering a design in countries and/or intergovernmental organisations that are members of the Hague Agreement. The Hague System is administered by the World Intellectual Property Organization (WIPO). More information on the Hague System and Hague Agreement is available from: <http://www.wipo.int/treaties/en/registration/hague/>, accessed 29 August 2013.

Recommendation 105 asking for a term of 15 years. The Government response did not accept Recommendation 105 on the basis that "It is not in the public interest to go beyond Australia's international obligations which currently impose a 10-year duration."⁴⁰

The renewal data reported above show that approximately 20 per cent of designs registered under the *Designs Act 1906* were renewed for the third term.

Q 1. – Would Australia benefit from a designs system with a maximum term in excess of 10 years? Please explain why/why not.

3.2 Grace Period

Since April 2002, a grace period for patents has operated to protect applicants from invalidating their own patent application by (perhaps inadvertently) publishing their invention during the 12 months prior to the filing date of the application. *Publication* of an invention by a third party during the patent grace period will prevent an invention being patentable. Third parties *using* an invention in private in the grace period before a patent application is made will retain the right to use the invention but such use will not prevent grant of a patent.

Only a limited number of countries recognise a grace period for designs and/or patents. Australia and the United States both provide a grace period for patents, but not designs. The European Union provides a grace period for designs but not patents. An Australian applicant relying on the grace period for patents may ruin their chance to obtain a patent in countries which do not have an equivalent grace period. In addition, given the potential for the activities of other companies and designers during the grace period to undermine a designer's ability to apply for registration, it may be that a grace period only makes sense in countries that also provide for an Unregistered Design Right (discussed below).

In ALRC Report 74, the ALRC considered a grace period for designs but recommended that no grace period be provided.⁴¹ The ALRC acknowledged the need for manufacturers to have a period to test the market, but considered that this need could be met through multiple applications. Manufacturers could lodge a multiple design application for a number of designs, and then have 6 months from the priority date in which to test the market and decide which designs should proceed to registration, which should be published and which should lapse.

The draft text of the Designs Law Treaty currently before the Standing Committee on the Law of Trademarks (SCT) at the International Bureau of the World Intellectual Property Organization (WIPO) proposes a requirement that parties offer either a 6 or 12 month grace period.

⁴⁰ The reference to international obligations relates to Article 26.3 of the Trade-Related Aspects of Intellectual Property Rights Agreement: http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm accessed 29 August 2013.

⁴¹ ALRC Report 74 *supra*, see Recommendation 44.

Q 2. –Would a design grace period be of benefit to users and potential users?
Why/why not?

Q 3. - If a grace period were to be made available, how long should it be for?

Q 4. - Should such a grace period be an alternative, or an addition to deferment of publication of the kind offered under the Hague System?

3.3 Statement of Newness and Distinctiveness

A Statement of Newness and Distinctiveness (SoND) is an optional statement in the design application that identifies ‘particular visual features of the design as new and distinctive’.⁴² The Statement arose from Recommendation 50 of ALRC Report 74. The ‘Statement of Monopoly’ and ‘Statement of Novelty’ in the 1906 Act no longer exist.

The requirements for ‘novelty’ under the 2003 Act are that a design be both new and distinctive when compared with the prior art base for the design as it existed before the priority date of the design.⁴³ In assessing distinctiveness more weight is to be given to similarities in overall impression of designs rather than differences.⁴⁴ The person making the comparison is also to have regard to the state of the prior art base, features identified in the SoND and the freedom of the creator of the design to innovate.⁴⁵

Where the SoND identifies features that relate to only part of the product, distinctiveness is assessed having particular regard to those features – albeit in the context of the design as a whole. In this situation, the Statement functions to distinguish between the visual features of the design, and features that are generic to the product.

The areas claimed as new and distinctive can be identified in the representations in a variety of ways, however, the whole product is still to be indicated.

Anecdotally, there is some evidence of uncertainty regarding the SoND. In particular, some applicants erroneously believe they are providing a statement which outlines the scope of their overall rights, when in fact, the purpose of the SoND is to identify new aspects to a design for comparison with the prior art base.

⁴² Information on the Statement of Newness and Distinctiveness can be found in sections D04.6 and D09.4.3 of the Designs Examiners’ Manual of Practice and Procedure, (available from: http://www.ipaustralia.gov.au/pdfs/designsmanual/WebHelp/designs_exam_manual.htm), accessed 29 August 2013.

⁴³ *Designs Act 2003* (Cth) s 15.

⁴⁴ *Designs Act 2003* (Cth) s 19(1).

⁴⁵ *Designs Act 2003* (Cth) s 19(2).

Q 5. – Is there confusion about the use of Statements of Newness and Distinctiveness? Please explain how.

Q 6. – The ALRC thought that such a Statement of Newness and Distinctiveness should not be mandatory. Do you agree? Please explain why.

3.4 Deferred publication

Currently, images of designs are advertised at the time of registration. There is no facility to defer publication.

An advantage of deferred publication to the users of the system could be that they could test the marketability of a design before it is published and hence pursue only those designs that are economically viable. A disadvantage of deferred publication would be that third parties would not have access to as much information on the Register of Designs as they now do. This would negatively impact infringement searching, and reduce the value of novelty searches, since some potentially relevant earlier designs are not publicly available at the time of the search.

Pseudo-deferment is currently possible by taking advantage of administrative delays such as requesting registration as late as possible; deliberately including or omitting information from an application so it fails the initial formalities check; and delaying responding to issues raised by IP Australia.⁴⁶

Q 7. – Is a deferred publication process desirable? What are the potential advantages and disadvantages of permitting it?

Q 8 – How long should the period of deferment be?

3.5 Unregistered Design Rights

The UK and the EU have another mechanism for protecting designs in addition to the formal registration process. The unregistered design right (UDR) was introduced into the UK in 1988 to provide some automatic protection for industrial designs, but for a shorter period of time than was available to copyright works.

Under the UK UDR, design registration is not necessary for design owners to take action against infringers for a period up to 15 years (or 10 from first marketing). No formal registration procedure is required (or possible) to obtain UK UDR and no fees are required.

⁴⁶ (1) Applicants will delay requests to register to the maximum available time of six months from priority date (this is not from the lodgement date if there is a convention claim).

(2) There may be office delays for applications to be considered for formalities – IP Australia commits to undertake formalities processing within a certain period of time. The actual processing time can be much faster than that indicated.

(3) Applicants may ensure a deficiency report is issued at the assessment of the formalities so that they have the allowable two months to overcome the items raised. Generally this can be a simple case of not identifying the creator of the design or identifying and paying for only a single design when there are clearly multiple designs included in the application. [Simple elements of not providing the required number of sets of representations may be overlooked due to technological process improvements within the office.]

Similarly, the EU allow for Unregistered Community Design (UCD) rights for a term of three years. Before defending the design in court, the UCD holder must be able to prove first disclosure of the design within the EU and that the disclosure was known. The UCD may also be lodged formally as a Design right if it is within 12 months of its disclosure due to the 'grace period'.

Means of protecting unregistered designs are likely to be of particular interest to fast moving design industries (such as the textile, clothing and footwear industries) but could diminish the predictability and legal certainty of the design right.

Q 9. – What benefits and/or costs would there be for Australia if an Unregistered Design Right system were introduced?

Q 10. – Would an Unregistered Design Right system, if introduced into Australia, create confusion? If so, what measures might be appropriate to limit any such confusion?

3.6 Harmonisation with international practices

There are both cost and administrative benefits to Australian industry from harmonising IP systems and processes, although these must be balanced against any potential downsides to the reforms that harmonisation would entail. ACIP would welcome stakeholder views on how they perceive the compatibility of the Australian design protection system with other national systems and processes. We would appreciate advice on the costs and benefits to Australian industry and Australian national interests of greater harmonisation with other national design protection regimes.

An Australian design owner has a number of options to file their design overseas as follows:

- filing a national application in each foreign country under the laws and procedures of that country; or
- filing an application under the provisions of the *Paris Convention for the Protection of Industrial Property* within six months of the Australian application;⁴⁷
- filing under the Hague agreement through WIPO if they satisfy the filing conditions.⁴⁸

Australia is one of 174 member countries of the Paris Convention, which requires each member country to accord nationals of other member countries the same rights for their industrial property as it accords its own nationals. Under the Paris Convention, if a person files an application for a design, patent or trade mark in

⁴⁷ See: http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=2, accessed 29 August 2013. More information on the Paris Convention (including the full text and some statistics) is available from: http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html, accessed 29 August 2013.

⁴⁸ Very few Australians have filed applications through the Hague System. Records indicate around 50 applications with the origin of Australia have been lodged via the Hague system since 1980.

Australia and, within six months in the case of designs and trade marks and 12 months in the case of patents, they apply in another member country, the foreign application is entitled to have the date the Australian application was filed as its priority date.

The *Hague System of International Registration of Industrial Designs* provides protection for industrial designs in any or all Contracting Parties through a single application filed with WIPO. In this respect, the Hague System is similar to the Madrid system for the International Registration of Trade Marks and the Patent Cooperation Treaty, both of which Australia is a party to.

The Hague System is based on a series of agreements including:

- The London Act (1934)
- The Hague Act (1960)
- The Geneva Act (1999).

There are around 60 member parties under the Hague Act of 1960 and the Geneva Act of 1999.⁴⁹ Of Australia's top 10 trading partners, only Singapore is a party in the Hague System.⁵⁰ Those that are not include China, Japan, Republic of Korea, New Zealand, Thailand, Malaysia and India. The USA and UK have announced their intention to join.⁵¹ As more of our major trading partners accede to and/or harmonise their designs laws with the Hague System, there may be increasing benefits to Australian industry if Australian design legislation also aligns with the Hague System.

ACIP notes that the Australia-United States Free Trade Agreement (AUSFTA) includes a provision that commits Australia to make its best efforts for its laws to comply with the provisions of the Geneva Act of the Hague Agreement.⁵²

Key provisions of the Hague System include:

- an international application does not require any prior national application or registration;
- each application can comprise up to 100 designs, but they must belong to the same class of the Locarno classification (LOC);

⁴⁹ The London Act has been closed to new membership since 2010 and is in the process of being terminated. Users filing through a member state of only one Act can only seek national treatment with the other member states of that Act.

⁵⁰ From page 19 list in 2012 Composition of Trade Australia: <http://www.dfat.gov.au/publications/stats-pubs/coty-2012.pdf>, accessed 29 August 2013

⁵¹ The United States has committed to accede to the Hague System—this was one of the provisions contained within the *Patent Law Treaties (PLT) Implementation Act* that was signed into law by President Obama on 18 December 2012.

The UK has indicated support for individual UK membership of the Hague System: <http://www.ipo.gov.uk/response-2012-designs.pdf>, page 31, accessed 29 August 2013.

⁵² See Article 17.1.5 of the AUSFTA (available from: <http://www.dfat.gov.au/fta/ausfta/final-text/>), accessed 29 August 2013. See also Article 13.2.2 of the Singapore-Australia Free Trade Agreement which makes reference to the Geneva Act: <http://www.dfat.gov.au/fta/safta/>, accessed 29 August 2013.

- applications are checked for compliance with prescribed formalities and then published in the International Designs Bulletin (unless publication has been deferred);
- the applicant can request that publication be deferred for up to 30 months under the Geneva Act;
- where deferment is requested, the design is not published but it is entered into the International Register and copies will be circulated in-confidence to Contracting Parties at their request so that they do not register similar designs during the deferment period;
- where a Contracting Party does not permit deferment under its law, the International Bureau advises the applicant of this fact and the applicant is permitted one month to withdraw its application;
- the International Bureau has no role in substantive examination of design applications; the office of each Contracting Party designated in the application conducts a substantive examination under its national processes and may notify the International Bureau of refusal (within 6 months in most cases and 12 months for Contracting Parties to the 1999 Act that have an opposition process);
- if the application is not refused by the Contracting Party's office within the relevant time, the international registration provides the same protection as registrations under the law of the Contracting Party;
- international registrations are valid for an initial 5 year period and can be renewed for a further 10 years (i.e. to 15 years from registration) *or* where the Contracting Party provides a longer duration, renewal is to the period provided by the law of the Contracting Party.

Q 11. – Would Australia benefit from acceding to the Hague System?
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3.7 Border Protection Measures

There are import provisions under the *Trade Marks Act 1995*, *Copyright Act 1968* and *Olympic Insignia Protection Act 1987* that give rise to Australia's Notice of Objection Scheme.

A Notice of Objection is a legal document that allows the Australian Customs and Border Protection Service (Customs) to seize imported goods that are alleged to infringe trade marks, copyright or protected Olympic expressions.

If a Notice is in place, Customs may seize allegedly infringing goods if it appears they are intended for some commercial purposes. In some circumstances, a single product might be seized if it is believed that it will be used for commercial purposes. The objector has a period of time within which to bring infringement proceedings against the importer, otherwise the goods are returned to the importer if they have made a

claim for their return. Certain safeguards are built into the scheme to be equitable to both importers and objectors.⁵³

Australia's international obligations presently require border measures to be in place where imported goods are alleged to infringe trade marks and for certain alleged copyright infringements. Europe provides border protection measures for a broader range of IP rights including designs. Border protection measures can be an effective enforcement mechanism but there has been some controversy around extensions to rights other than copyright and trade mark and in particular around the level of expertise required of customs officers to assess allegations of infringement of rights such as designs.

Q 12. – Would Australia benefit from legislation changes to include designs in the Notice of Objection scheme? Please explain why/why not?

3.8 Design overlap with other IP Rights

3.8.1 Copyright

The *Designs Act 2003* provides protection for designs of products. Registration is necessary for protection under the Act. For many years, successive governments have had a policy of limiting the protection offered by copyright for artistic works embodied in mass-produced products. The idea is that when it comes to the shape and configuration of mass-produced products, the Designs Act is the more appropriate form of legal protection, and people wanting to protect mass-produced products should register their designs in relation to the products. They should not be able to argue that products are infringing reproductions of a copyright work (like a drawing).

The *Copyright Act 1968* provides protection for *artistic works*. Division 8 of Part III of the *Copyright Act 1968* regulates the interaction between copyright protection and design protection. Section 74 of the *Copyright Act 1968* defines *corresponding design* in relation to an artistic work as features of *shape and configuration* which, when embodied in a product, result in a reproduction of that work. Section 78 of the *Copyright Act 1968* provides that copyright in an artistic work is not enforceable in relation to products made to a corresponding design of that artistic work that have been *applied industrially*. Manufacture of 50 or more products is deemed to be an industrial application; in some circumstances fewer products will suffice. Section 18 of the *Designs Act 2003* provides that use of the artistic work would not prevent registration of the corresponding design under the *Designs Act 2003*.

⁵³ More information on the scheme is available from: <http://www.customs.gov.au/site/page5369.asp>, accessed 29 August 2013.

These provisions are generally referred to as ‘the copyright/design overlap provisions’ and are intended to prevent dual protection under designs and copyright legislation for products that should only be protected under the 2003 Act. In summary:

- mass-produced products made to a corresponding design of an artistic work (such as drawings or sculptures) should be protected under designs law and copyright law protection is not available;
- since the definition of *corresponding design* is limited to features of *shape and configuration*, it is intended that purely two-dimensional designs (such as drawings to be put onto T-shirts) retain the ability to have dual copyright and designs law protection;
- people creating ‘works of artistic craftsmanship’ can choose whether or not to register the design (but registering will generally result in a loss of copyright);⁵⁴ and
- If the copyright-design overlap provisions apply (that is, if a corresponding design has been industrially applied and no design registered), owners of copyright in artistic works cannot rely on certain reproductions of an artistic work that are incidental to the manufacture of mass-produced products: such as paper copying of a drawing as part of the manufacture process or pictures in advertising, to establish a copyright claim, to prevent 3rd parties producing industrially applied products made to a corresponding design of the artistic work.

3.8.2 Trade marks

The *Trade Marks Act 1995* defines a trade mark in as: a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.

The *Trade Marks Act 1995* introduced protection for a number of ‘new kinds of signs’ including shapes, sounds, smells and aspects of packaging. Like traditional trade marks, once registered, the ‘new kinds of signs’ may be renewed every 10 years and protection may continue indefinitely.

Subject matter that can be registered as a design may also be registered as a trade mark if it is capable of distinguishing a trader’s goods or services. A few examples on both Registers are perfume and other bottles and containers, confectionery, toys, medicinal preparations, pens and tools (or elements of these). Some examples have been lodged as designs prior to being filed as a trade mark.

The *Trade Marks Act 1995* includes a provision in relation to trade marks relating to an article formerly manufactured under patent (that is, it consists of, or contains the sign of an article or service that was formally exploited under a patent or provided as

⁵⁴ Examples of ‘works of artistic craftsmanship’ include pottery, glasswork, jewellery, tapestry and woodwork. Information Sheet G027v07, *Designs for Functional Articles*, Australian Copyright Council, February 2012, provides more information on this overlap (available from: <http://www.copyright.org.au/find-an-answer/browse-by-a-z/>), accessed 29 August 2013.

a patent process). Under Section 25 of the *Trade Marks Act 1995*, the trade mark is taken to have ceased from the end of the period of two years after the patent expired or is ceased.

Q 13. – Are the copyright/design overlap provisions operating satisfactorily? Please explain why/why not.

Q 14. – Should there be restrictions in the *Trade Marks Act 1995* for registered designs? Please explain why/why not?

3.9 Threshold of registrability

The 2003 Act implemented a higher, two-step threshold test for registrability—namely, a design would not be registrable unless it was both new and distinctive. As noted in the Explanatory Memorandum for the Designs Bill 2002, the requirement for a design to be ‘new’ would be a filter to eliminate identical designs.⁵⁵ The term ‘distinctive’ was intended to require greater differentiation than that given under the 1906 Act for designs that had been previously published or used.⁵⁶ The test of whether a design was distinctive would be one of substantial similarity in overall impression. This test was considered to provide that minor or insignificant changes to a design were insufficient to allow registration if the overall impression remained one of substantial similarity.

By contrast, under the 1906 Act, the threshold requirement was that a design must be either new or original. This test proved unsatisfactory because the meaning of the originality test was uncertain and the interpretation of the newness test led to dissatisfaction because even very minor alterations had been held to constitute a new design.

The threshold for registration under the 2003 Act was also raised by expanding the prior art base to include designs that had been used previously in Australia or published anywhere in the world. Under the 1906 Act, the prior art base consisted of information about designs that had been published or used in Australia. It was hoped that the expansion of the prior art base meant that a design would be compared against more information, thereby increasing the likelihood that a design with a certificate of examination would be both new and distinctive.

Q 15. – Have the changes to the threshold of registrability introduced with the *Designs Act 2003* provided greater differentiation between a new design and the prior art? Please explain how.

3.10 Confusion regarding the process of design registration

There is anecdotal evidence that poorly informed or unsophisticated users of the designs system may not adequately understand the differences between publication, registration and certification of designs under the 2003 Act. A design application will

⁵⁵ Available from: <http://www.comlaw.gov.au/Details/C2004B01173/Download>, accessed 29 August 2013.

⁵⁶ *ibid.*, at [11]-[13].

lapse if the applicant or owner does not request registration or publication of their design within 6 months of the filing date of their application.

Table 1 in Appendix 4 provides data on the number of designs that were registered or certified each year over the period 2002-2012.

3.10.1 Registration of a design

An owner or applicant for a design can request that their design application be registered when they file their application. If registration is requested, the application is subjected to a formalities check to make sure that the necessary information and representations for registration are present. If the application passes the formalities check, the design is entered in the Register of Designs and advertised in the *Australian Official Journal of Designs* (AOJD). It is also made available for searching in the Australian Designs Data Searching (ADDS) database. This may occur within weeks of the filing date.

A design which has only been registered (but not certified) provides its owner with no enforceable rights.

3.10.2 Publication of a design

An alternative to registration is publication. Publishing a design does not give the owner any rights in respect of their design. Rather, publication can be a defensive strategy. It may be used in situations where an owner cannot register their design because, for example, it has already been disclosed and may not be considered to be new and distinctive. Publication will prevent others from obtaining certification for the same design. Designs are published in the AOJD and on ADDS. To date, only one design has been published.⁵⁷

3.10.3 Certification of a design

Only registered designs can be certified. It is an optional process – unless and until either the owner of a registered design wants to take action to enforce their rights or a third party seeks examination. An examination fee is payable for this service.

Once examination is requested, a delegate of the Registrar of Designs considers whether the design is registrable. If the design is found to be new and distinctive, then a certificate of examination is issued and the Register updated accordingly. The owner is then able to enforce their rights. If the Registrar finds that a design is not new and distinctive, then its registration either ceases or is revoked and the Register updated accordingly. Once revoked, a design owner has no rights and anyone is free to exploit the design without interference from the owner.

An interested third party can also request examination of a registered design. They may take this action for strategic or commercial reasons (e.g. to clarify whether a design is new and distinctive). The third party must pay half of the examination fee when they file their request. If the owner of the design does not pay the other half of the examination fee within a set period, then their design will cease and it will be removed from the Register. The third party (and anyone else) will then be free to

⁵⁷ http://pericles.ipaustralia.gov.au/adds2/adds.adds_details.paint_details?p_design_id=200715797, accessed 29 August 2013.

exploit the design without interference from the owner. If both parties pay their half of the examination fee, then the design will be examined as set out above. If either party is unsatisfied with the outcome of examination, they may seek to be heard.

Q 16. – Are the differences between registration, publication and certification under the *Designs Act 2003* clear? Should the multi-step process remain? Please explain why.

Q 17. – Is there a continuing need for publication (and the current regime of requesting registration or publication)? Please explain why?

3.11 The impact of new technologies

Technology is always advancing and evolving, often in ways unforeseen by the authors of legislation.

3.11.1 Additive manufacturing (3D printing technology)

One rapidly evolving technology of topical interest is the emergence of additive manufacturing (also known as three-dimensional (3D) printing technology). 3D printers produce articles by layering numerous, custom printed sheets of material, one on top of the other, and binding each layer together in the process. Most 3D printers manufacture products using a range of plastics or composite materials and some printers can also print in metals (e.g. stainless steel).

Until recently, 3D printers were extremely expensive and rare. As such, they were used for prototyping—mainly in the aerospace, medical and automotive industries. Once a design was finalised, a production line would be established and the part would be manufactured and assembled using conventional methods. But 3D printing has now improved to the point that it is starting to be used to produce the finished article. These printers are also becoming increasingly available and affordable, with a number of companies making desktop units. The capacity of the internet has also improved to the extent that a design can be sent as a digital file to be printed on a 3D printer almost anywhere in the world.

Hence, 3D printing is opening up new opportunities for innovation, customisation and creativity. It is also creating new opportunities for counterfeiting and imitating designs (both registered designs and unregistered designs).

As a legal matter, 3D printing may raise issues familiar in other areas of IP, such as the scope of secondary liability for designs infringement; liability of individuals for non-commercial acts relating to designs; and/or the territorial nature of the exclusive rights.

3.11.2 Graphical User Interfaces (GUIs)

Another area of new technology of significance is Graphical User Interfaces (GUIs) or screen icons. In recent years, GUIs have been increasingly lodged as design applications. There is no standardisation in how countries treat GUIs under their designs systems. Recent editions of the Locarno Classification (LOC) of the Locarno Agreement have introduced a new classification to include: Graphic symbols and

logos, surface patterns, ornamentation.⁵⁸ Although Australia is not a member of the Locarno Agreement, IP Australia uses the 8th edition of the LOC to classify designs. For Member States, the 10th edition will enter into force on January 1, 2014. The consideration of screen icons is raised in the examiner's manual at D04.3.2.⁵⁹ IP Australia does not consider screen icons are a registrable product. However, registrability is not considered during the formalities process and screen icons are appearing on the Register of Designs.

Q 18. – Is the *Designs Act 2003* able to deal with new technologies eg 3D printing and GUIs?

Q 19. – Should GUIs be registrable?

3.12 Other comments

As stated earlier, since the implementation of the 2003 Act, the designs system has not been comprehensively reviewed to assess whether its objectives remain appropriate for Australia today and in the future. The purpose of this paper is to provoke discussion and any other relevant comments are very welcome.

Issues not addressed in detail in this Issues Paper but which might be relevant for stakeholders to consider include:

- recent reviews of the UK designs system and resulting proposals for reform in the UK;⁶⁰
- the operation of the broader test of infringement introduced by the 2003 Act;
- how representations are considered, particularly those including broken lines;
- the value of multiple design applications and how they are handled; and
- post registration amendment of the statement of newness and distinctiveness.

Q 20. – Are there any new opportunities for enhancing the designs system?

Q 21. – Are there any unintended consequences arising from its implementation to date?

Q 22. – Do you have any other comments?

⁵⁸ For more information on the LOC see <http://www.wipo.int/classifications/locarno/en/>, accessed 29 August 2013.

⁵⁹ See

http://docstore.ipo.gov.au/intranet/docstore/technical_communications/Designs_Examiners_Manual/WebHelp/designs_exam_manual.htm.

⁶⁰ For links to stages in the UK process, see <http://www.ipo.gov.uk/types/hargreaves/hargreaves-designs.htm>. For research relating to the UK designs system, see <http://www.ipo.gov.uk/pro-ipresearch/ipresearch-right/ipresearch-right-design.htm>.

Appendices

Appendix 1 – Previous Reviews

The following previous reviews of the designs system have been conducted:

The Franki Committee

The first significant review of the designs law in Australia was undertaken in 1970 by the Designs Law Review Committee which reported in 1973 (the Franki Report). The terms of reference for this committee were to:

examine the Australian law relating to designs and to recommend any alteration of the law that may be thought to be desirable and to consider and recommend whether separate legislative provisions should be made in Australia with respect to utility models and if it so recommends, the provisions that it is thought should be included in that legislation.

The Franki Report considered at length the definition of design in the *Design Act 1906* and recommended that it be changed in accordance with similar UK legislation at the time i.e. *Registered Designs Act 1949* (UK). The report also examined the copyright and design overlap. The government accepted many of the Committee's recommendations which were implemented in the *Designs Amendment Act 1981*.

The Lahore Inquiry

In 1989 an Inquiry into Intellectual Property Protection for Industrial Designs (the Lahore Inquiry) was established to report on certain aspects of designs law. This review arose as a result of concerns expressed during the Senate Debate on the *Copyright Amendment Bill 1988* (Cth) which became the *Copyright Amendment Act 1989* (Cth). The final report from **this inquiry was published in 1991 and included further recommendations on the definition** of a design, the design infringement test and the copyright/design overlap. At the time there were concerns that some designs may not be protected by either copyright or designs law. Most of the recommendations from the Lahore Inquiry led to changes to the relationship of design and copyright law as the terms of reference were not as broad as those which governed the Franki Committee.

The Australian Law Reform Commission

In light of some increasing criticisms of the design system in 1992 the ALRC was commissioned by the federal government to produce a comprehensive report on the system as it then was. The terms of reference for the review were to:

- Ensure that industrial designs are adequately and appropriately protected
- Modernise and simplify the *Designs Act 1906* and remove difficulties that have arisen in its operation, and
- Ensure that persons whose rights under the Act have been infringed have access to a quick, cheap and effective remedy.

After a wide ranging review, in 1995 the ALRC made a raft of recommendations focusing on modernising and simplifying the design system. A central concern was that the protection afforded under the *Designs Act 1906* did not adequately protect the commercial worth of innovative designs. The infringement test was considered unsatisfactory because competing designs had to be virtually identical before the courts would find infringement. In addition the costs of enforcing design rights were seen as prohibitive and the procedures as too slow. Overlying these concerns was the need to clarify the relationship between design protection and patent and copyright protection and the related issues of whether protection should extend to innovative functional features, to spare parts and to methods and principles of construction. A further impetus for the review was the desire to harmonise the varying levels of international protection and to assess the changes and proposed changes in overseas design protection particularly in the European Union countries.

In explaining why designs had been underutilised for some time, the ALRC highlighted the mismatch between modern design requirements such as technological and interactive designs and legislative protection.⁶¹ The centrepiece of the ALRC's recommendations was the enactment of a new Act to replace the *Designs Act 1906* based on the following key principles:

- A new definition of a design – defined by one or more visual features of a product
- A new (higher) threshold test for protection - adopting a test ensuring the design is both new and distinctive
- A new (broader) test for infringement – requiring that the alleged infringing design be substantially similar in overall impression to the registered design, and considering infringement from the perspective of an “informed user” of the product
- The maximum duration of protection should be 15 years with renewal at five years
- Spare part protection- spare parts should continue to be protected subject to procedure for referral of potentially anti-competitive designs to the ACCC (then TPC)
- Copyright/design overlap - Repeal the provisions in the *Copyright Act 1968* dealing with the overlap.

The Review of Intellectual Property and Competition Review Report

In its report *Review of Intellectual Property and Competition Principles Agreement* (2000) the Intellectual Property and Competition Review Committee (IPCRC) considered two issues of potential restriction on competition relating to designs: protection of functional designs and the spare parts exemption. The IPCRC agreed with the ALRC that protection beyond aesthetic designs ie for certain functional designs was provided by a lesser form of patent protection and that no modification of the spare parts provisions was required at that time. The report did not make

⁶¹Australian Law Reform Commission Report No.74 - Designs, 1995.

recommendations on designs but was critical of the pace of reforms in this area i.e. a new Designs Act was being unduly delayed.

The Review of the ‘Right to Repair’ or ‘Spare Parts’ exclusion under the Designs Act 2003

After the introduction of the New Act, the Government announced that IP Australia would monitor the effectiveness of the provisions for excluding spare parts from protection and undertake a formal review before the end of 2005.

IP Australia launched this Review with the publication of a short issues paper on 18 August 2005⁶². The paper canvassed the Government’s case for the spare part provision and invited submissions on how the provision had impacted on industry and the community since the Act came into effect on 17 June 2004.

In December 2005, IP Australia released the report on the findings of the review.⁶³ As the spare parts provision had operated for a relatively short period, the Review accepted the common view in submissions that the spare parts provision was yet to have a significant effect on industry and consumers and provided the following recommendations:

- No changes to the spare parts provision in the Designs Act 2003 are required at this stage.
- IP Australia should continue to monitor overseas developments in relation to the spare parts issue.
- IP Australia should continue to monitor developments in relation to the operation and impact of the Act and, in consultation with industry and stakeholders, recommend appropriate action at a time when there is more information on the operation and impact of the spare parts provision.

⁶² <http://www.ipaustralia.gov.au/about-us/news-and-media/official-notices-listing/?doc=63456&view=Detail> accessed 29 August 2013.

⁶³ Copy available from the ACIP Secretariat on request.

Appendix 2 – Changes in the Designs Act

The new *Designs Act 2003* was the first major overhaul of the designs legislation in almost 100 years. The genesis of the changes in the new legislation arose from the Australian Law Reform Commission (ALRC) *Report No.74 Designs*.⁶⁴

In a media release the then Parliamentary Secretary to the Minister for Industry, Tourism and Resources, the Hon Warren Entsch MP said, “The Australian Government wants to give designers a much better chance of protecting their creations from copying and changes to the Act will deliver that” (IP Australia website). The *Designs Act 2003* implemented changes in 3 broad areas: the registration process, design enforcement and new eligibility/infringement tests as follows:

A more streamlined registration process

The 2003 Act provides a more streamlined registration system compared to the previous system. Under the Act, a design application can be filed containing one design, a single design in relation to many products, or multiple designs, provided all the designs fall within the same classification class. The applicant has six months from the priority date of the application in which to decide to register or publish any of the designs in an application. Design applications now only undergo a formalities check prior to being registered. The Act implements a system of post-registration examination for substantive issues. Substantive examination will only be undertaken if requested and the appropriate fee has been paid.

Certification

A design owner may only take action to enforce their registered design if a Certificate of Examination has been issued. If, following examination of a registered design, the Registrar of Designs finds that the design meets all the requirements of the legislation then a Certificate of Examination will be issued and the design will remain on the Register. If the Registrar finds that the design is not valid then it will be revoked and removed from the Register. Third parties are able to request examination of registered designs and provide any information relevant to the validity of the design registration. The Registrar can also initiate examination where the circumstance warrants.

Stricter eligibility test and a broader infringement test

The 2003 Act implements a higher threshold test for validity of designs than the *Designs Act 1906*. This new threshold is a two-step test; namely, a design is not a registrable design (i.e. able to remain on the register) unless it is both new *and* distinctive.⁶⁵ This test provides that minor or insignificant changes to a design are irrelevant if the overall impression remains one of substantial or significant similarity to another pre-existing design. In other words, the focus is now on the similarities between the two designs in question, rather than the differences.

⁶⁴<http://www.alrc.gov.au/inquiries/designs>, accessed 29 August 2013.

⁶⁵Design Act 2003, Section 15.

The validity threshold of design registration is also raised by expanding the prior art base. Design registrations continue to be assessed against designs used previously in Australia, but the test has been expanded to include those that have been published anywhere in the world.⁶⁶ By broadening the prior art base and by focusing attention on the similarities rather than differences between the applicant's design and the prior art, the new test will hopefully alleviate the problem encountered in the *Designs Act 1906* whereby almost any minor alteration sufficed to constitute a new and original design.

The infringement test is consistent with the definition of distinctive. If another design is used that is substantially similar in overall impression to a registered design, that use will be an infringement. This infringement test is designed to be clear and simple and for the design rights to be more readily enforceable.

⁶⁶ Ibid.

Appendix 3 – Current process for Designs Protection

Section 15 (1) – registrable designs

This section sets out the basic legal criteria for grant of a design. A design is a registrable design if the design is new and distinctive when compared to the prior art base for the design as it existed before the priority date of the design.

The three key criteria that can be extrapolated from this section are that there must be:

a ‘design’ which is

‘new and distinctive’

when compared to the ‘prior art base’.

Section 5 - definition of ‘design’

In relation to a product, a design means the overall appearance of the product resulting from one or more visual features of the product. The visual features that form the design include the shape, configuration, pattern and ornamentation which, when applied to the product, give it a unique appearance. This definition covers both three dimensional products (such as a teacup) and two-dimensional patterns on products (such as a floral pattern applied to a tea cup).

Section 16 - new and distinctive

Under this section a design is 'new' unless it is identical to a design forming part of the prior art base. A design is 'distinctive' unless it is 'substantially similar in overall impression' to a design forming part of the prior art base. Section 19 of the Act provides guidance to design examiners in determining whether a design is 'substantially similar in overall appearance', most importantly:

- More weight is to be placed on the similarities between designs than to differences between them.
- Where a design application makes special reference to a particular visual feature of the design, particular regard must be had to that visual feature.
- The standard to be applied when making the comparison is that of a person who is familiar with the product to which the design relates i.e. the ‘informed user’.
- In infringement proceedings the task of having to decide whether a design is new and distinctive is one of fact determined by the judge from the perspective of an informed user.

Section 15 (2) (a) (b) and (c) - prior art base

The prior art base for a design consists of the following:

- Designs publicly used in Australia, and
- Designs published in a document within or outside of Australia, and
- Designs in relation to which each of the following criteria is satisfied:
 - The design is disclosed in a design application.
 - The design has earlier priority date than a designated design

The first time documents disclosing the design are made available for public inspection under section 60 is on or after the priority date of the designated design.

Examination process

Registration occurs after a formality check. The owner of a design is only able to take infringement action once the design has been fully examined (resulting with a Certificate of Examination). Substantive examination is conducted only if requested by the owner or a third party. If a third party requests examination, the third party and owner each pay half of the examination fee (full fee is \$420AUD). If the owner does not pay their half of the examination fee, registration of the design ceases. The Registrar may also initiate examination but this is used in rare circumstances.

Outside of examination, a third party may submit material to demonstrate that the design is not new and distinctive. However, this material is placed on file and only considered should the design progress to examination.

The threshold test for registrability is a two-step test; namely, a design is not a registrable design unless it is both new **and** distinctive. This test provides that minor or insignificant changes to a design are irrelevant if the overall impression remains one of substantial or significant similarity. The overall impression is considered by the “*standard of the informed user*” being a person who is familiar with the product to which the design relates, or products similar to which the design relates.

Designs excluded from registration include: medals, coats of arms, flags or seals of the Commonwealth or another country; and, designs that are scandalous. A scandalous design is one which is shocking or offensive to the public or an individual’s sense of propriety or morality.

Appendix 4 – Statistics on design right applications

Table 1: Designs Filed, Registered and Certified by Calendar Year

	<i>Applications</i>	<i>Registrations</i>	<i>Certifications</i>	<i>Those still Active/ in-force in 2013</i>
2002	4111	3842	N/A	1541
2003	4693	3949	N/A	1877
2004	5745	3323	Nil	2612
2005	5860	5843	318	2626
2006	5878	7370	637	2767
2007	5800	5207	863	2850
2008	6083	6097	1283	4837
2009	5138	5665	1007	4869
2010	5865	5327	856	5505
2011	6064	5647	895	5764
2012	6449	5995	963	6064

Table 2: Design Applications Filed by Australian and non-resident (Foreign) Applicants

<i>Year</i>	<i>Australia</i>	<i>Foreign</i>
2001	2649	1470
2002	2581	1530
2003	2695	1924
2004	3079	2522
2005	2868	2889
2006	2939	2939
2007	2571	3229
2008	2732	3351
2009	2552	2586
2010	2830	3035
2011	2760	3304
2012	2656	3793

Table 3: Duration of Designs – Renewal Data*

<i>Year</i>	<i>1st term Renewals lodged (1906 Act/2003 Act)</i>	<i>2nd term renewals lodged</i>	<i>3rd term renewals lodged</i>	<i>Year</i>
2001	2772/ n/a	1417	741	2001
2002	3223/ n/a	1764	1119	2002
2003	3374/ n/a	1551	691	2003
2004	3454 / 0	1715	767	2004
2005	2619/ 0	1729	940	2005
2006	1234/ 5	1684	805	2006
2007	103/ 9	1619	809	2007
2008	0/ 6	1822	964	2008
2009	n/a /1411	1688	964	2009
2010	n/a /2719	1072	1003	2010
2011	n/a /2873	5	950	2011
2012	n/a /3830	3	869	2012

*table indicates when request and payment are made, not the due date.

Note only 20 percent of 1906 Act cases renew to 3rd term (currently lodgements from 1996 – 2001 are in 3rd term. The final 1906 Act designs will be able to be extended for the 3rd term in 2015 and will expire in June 2020).

Table 4: Top Classes of Designs Registered in Australia 2006 – 2012

<i>Class</i>	<i>Description</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>Total</i>
08	Tools and hardware	634	548	605	541	549	545	543	3965
09	Packages and containers for the transport or handling of goods	566	530	641	559	641	792	714	4443
02	Articles of clothing and haberdashery	522	415	617	462	627	579	576	3798
07	Household goods, not elsewhere specified	629	435	545	440	527	539	490	3605
12	Means of transport or hoisting	512	478	473	503	479	564	520	3529
06	Furnishings	472	535	451	409	493	455	495	3310
25	Building units and construction elements	506	438	547	454	513	363	368	3189
23	Fluid distribution equipment, sanitary, heating, ventilation and air-conditioning	508	429	467	373	364	443	520	3104
14	Recording, communication or information retrieval equipment	301	390	571	218	311	387	659	2837
21	Games, toys, tents and sports goods	222	208	176	357	257	295	271	1786
26	Lighting apparatus	242	202	237	215	195	236	311	1638

Table 5: Top Filing Applicants for Australian Designs

<i>Applicant name (Origin) and (Main classifications)</i>	2007	<i>Applicant name (Origin) and (Main classifications)</i>	2008	<i>Applicant name (Origin) and (Main classifications)</i>	2009
Wolverine World Wide, Inc. (US) (02)	80	Nokia Corporation (FI, US, UK) (14)	155	Spin Master Ltd (CA) (21)	82
Toyota Jidosha Kabushiki Kaisha (JP) (12)	79	Apple Inc. (US) (14)	85	The Procter & Gamble Company (US) (09)	70
GM Global Technology Operations, Inc (US) (12)	73	EM Export Limited (FR) (06)	78	The Décor Corporation Pty Ltd (AU) (07, 09)	61
ResMed Ltd (AU) (24)	62	Wolverine World Wide, Inc (US) (02)	69	Wolverine World Wide, Inc. (US) (02)	60
Nokia Corporation (FI) (14)	56	Societe des Produits Nestle S.A. (CH) (01, 07)	60	Colgate-Palmolive Company (US) (09, 04)	57
De Coro Limited (HK) (06)	48	Honda Motor Co., Ltd (JP) (12, 26)	52	Toyota Jidosha Kabushiki Kaisha (JP) (12)	55
Lutron (US) (13)	47	Eveready battery Company, Inc (US) (26)	49	Bridgestone Company (JP) (12)	44
Pi-Design AG (CH) (07)	45	Pi-Design AG (CH) (07)	42	Apple Inc. (US) (14)	43
Microsoft Corporation (US) (14)	37	Caroma Industries Limited (AU) (23)	41	Honda Motor Co., Ltd (JP) (12, 26)	40
Review Australia Pty Ltd (AU) (02)	37	Review Australia Pty Ltd (AU) (02)	41	Pi-Design AG (DA) (07)	33
<i>Applicant name (Origin) and (Main classifications)</i>	2010	<i>Applicant name (Origin) and (Main classifications)</i>	2011	<i>Applicant name (Origin) and (Main classifications)</i>	2012
Fifty-Fourth Rischell Pty Ltd (AU) (02)	81	The Procter & Gamble Company (US) (09)	96	Microsoft Corporation (US) (14)	184
Colgate-Palmolive Company (US) (09, 04)	68	Forever New Clothing (AU) (02)	83	Beba Enterprises Pty Ltd (AU) (02)	53
Koninklijke Philips Electronics N.V (NL) (07+09)	54	Discovery Clothing Company Pty Ltd (AU) (02)	82	JETS Swimwear Pty Limited (AU) (02)	40
The Décor Corporation Pty Ltd (AU) (07, 09)	50	Koninklijke Philips Electronics N.V (NL) (07+09)	74	Koninklijke Philips Electronics N.V (NL) (07+09)	37
Victaulic Company (US) (23)	50	Colgate-Palmolive Company (US) (04)	66	Logue and Co. Pty Ltd (AU) (09)	37
The Procter & Gamble Company (US) (09)	43	Honda Motor Co., Ltd (JP) (12, 26)	66	Caroma Industries Limited (AU) (23)	35
3M Innovative Properties Company (US) (19, 24)	40	Logue and Co. Pty Ltd (AU) (09)	55	Reckitt & Colman (Overseas) Limited (GB) (09, 28)	34
Unilever PLC (NL) (07, 09)	38	JETS Swimwear Pty Limited (AU) (02)	54	Toyota Jidosha Kabushiki Kaisha (JP) (12)	29
Pi-Design AG (CH) (07)	37	Toyota Jidosha Kabushiki Kaisha (JP) (12)	52	BSH Bosch und Siemens Hausgerate GmbH (DE) (15, 07)	27
Toyota Jidosha Kabushiki Kaisha (JP) (12)	36	Unilever PLC (NL) (07, 09)	50	Forever New Clothing Pty Ltd (AU) (02)	27

Table 6: International Comparison of Design Applications

	AUSTRALIA	USA	JAPAN	UK	NZ	CHINA	KOREA	GERMANY	FRANCE ⁶⁷	CANADA	OHIM
2005	5,757	25,553	39,254	3,588	1,308	163,371	46,615	48,752	17,342	4,682	63,660
2006	5,878	25,515	36,724	3,495	1,599	201,322	52,879	51,364	15,806	4,835	69,307
2007	5,800	27,752	36,544	4,683	1,545	267,432	55,662	54,548	15,018	5,069	77,277
2008	6,083	27,782	33,569	4,009	1,334	312,904	58,912	48,414	14,966	5,282	77,093
2009	5,138	25,806	30,875	3,523	1,241	351,342	59,537	45,326	17,042	4,269	71,603
2010	5,865	29,059	31,756	3,604	1,298	421,273	59,204	49,404	16,625	5,142	74,868
2011	6,064	30,467	30,805	4,511	1,242	521,468	58,571	53,080	15,142	5,227	78,773
2012	6,449										

Sourced from WIPO IP Statistics Data Center:

<http://ipstatsdb.wipo.org/ipstatv2/ipstats/industrialdesignSearch>, accessed 29 August 2013.

Total design count is provided where available.

Data is not yet available for 2012.

⁶⁷ Not including 'simplified' application figures.

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ACIP invites any interested parties to make a written submission in response to this Issues Paper. In particular, ACIP seeks responses to Questions 1-22 contained in Part 3. However, the purpose of the paper is to provoke discussion and any other relevant comments are very welcome. Where possible, submissions in electronic format are preferred.

