



Australian Government

IP Australia

DESIGNS ACT 2003

EMERGING ISSUES

PAPER

October 2005

Introduction

Since the *Designs Act 2003* came into effect in June 2004, three issues relating to the current operation and possible future development of the Act and its processes have been raised by stakeholders. These issues relate to:

- harmonisation of Australian design registration with international practices;
- a grace period prior to application for design registration to permit the promotion, testing and sale of a design for a specified period; and
- the current structure of design fees.

The first two matters will be among a range of matters being canvassed in international forums in the latter part of the year. The third will be considered in the context of a review of all IP Australia fees.

While there is no formal review of these issues under way, IP Australia seeks the views of a wide range of stakeholders on these matters, with a view to:

- informing its participation in upcoming international discussions on design matters; and
- allowing preliminary consideration of these matters for possible future policy development of the designs registration process.

Harmonisation with international practices

Clearly there are benefits to Australian industry from harmonisation of intellectual property protection systems and processes through multilateral and bilateral arrangements.

IP Australia would welcome stakeholder views on the compatibility of Australian design protection system with international systems and processes. We would appreciate advice on the costs and benefits to Australian industry and Australian national interests of greater harmonisation with international design protection regimes.

Currently the only way to register an Australian design overseas is by applying in each foreign country you are seeking protection in, either through:

- (a) a **national application** in each foreign country under the laws and procedures of that country; or
- (b) a **Convention application** within 6 months of your Australia application, also under the laws and procedures of that country, but claiming the priority date of your Australian application.

Australia is one of some 100 member countries of the *International Convention for the Protection of Industrial Property* (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 you file an application for a design, patent or trade mark in Australia and, within 6 months in the case of designs and trade marks and 12 months in the case of patents, apply in another member country, the foreign application is entitled to have the date you filed your Australian application as its priority date.

Under the *Australia-US Free Trade Agreement* of January 2005, each party committed to make its best efforts to comply with the provisions of the Geneva Act of the *Hague Agreement Concerning the International Registration of Industrial Designs* and endeavour to reduce differences in law and practice between the parties. Similarly, in the *Singapore -Australia Free Trade Agreement* of July 2003, both parties agreed to comply with the provisions of the Geneva Act of the Hague Agreement, subject to the enactment of necessary laws.

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 the International Bureau of the World Intellectual Property Organisation (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:

- *Hague Agreement Concerning the International Registration of Industrial Designs* (1925)
- *The London Act* (1934)
- *The Hague Act* (1960)
- *The Geneva Act* (1999)

There are 42 parties to the 1925 Act and 18 parties to the 1999 Geneva Act. Australia and most of its major trading partners (including USA, Japan, UK, China, New Zealand, Korea, Malaysia, India) are **not** currently Contracting Parties to the Hague Agreement or any of its Acts. Major trading partners who **do** participate in the Hague system include: France, Germany, Singapore, Greece, Indonesia, Italy, Netherlands, Spain and Turkey, of which Singapore, Spain and Turkey are party to the Geneva Act. As more of our major trading partners accede to and/or harmonise their design laws with the Hague system, there may be increasing benefits to Australian business if Australian design laws also aligned with the Hague system.

Key provisions of the Hague system include:

- an international application does not require any prior national application or registration;
- each application can comprise several designs (up to 100), but they must belong to the same class of the Locarno classification;
- 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;
- deferment permits more time for market research and allows the option of withdrawing a design in a country to avoid unnecessary costs;
- 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;
- 3 fees are involved: a basic application fee, a publication fee and a fee for each Contracting Party where protection is sought;
- 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.

Issues

We seek your views on the costs and benefits to Australian business of:

- Australia acceding to the Hague system;
 - If Australia were to accede, should we require Australian residents using the Hague system to seek design protection in Australia by filing an application with the Australian Designs Office, or should we allow them to seek protection in Australia by way of an international registration?
- Australia adapting some of its design processes to conform more closely to the Hague system;
 - which provisions of the Hague system should Australia adopt:
 - If a deferment process is adopted, what advantages/disadvantages would it offer your business?
 - What are the implications of deferment of publication for 30 months? Is there an increased risk of other designs conflicting with yours and vice versa?
 - Should the current Australian maximum design protection of 10 years be extended to 15 years?
- No change to the current design protection system.

Grace Period

Since April 2002, a grace period for patents has operated to protect patents from invalidation by publication of the invention made by, or with the consent of, the patent applicant or owner during the 12 months prior to the filing date of the application.

The grace period permits promotion, testing and sale of products in the 12 months preceding a patent application. In this respect, the patent grace period has some similarities with the deferment provision in the Hague system for the international registration of industrial designs.

The patent grace period only applies in Australia. A recent review found that researchers tended to avoid use of the grace period because publication before filing could lead to the loss of patent rights in key markets, such as the European Union, which do not provide a grace period. Similarly adoption of a grace period for designs could lead to a loss of rights in key markets that do not have a similar grace period. Details of the Review of the Patent Grace Period may be found at: www.ipaustralia.gov.au/resources/news.

In its 1995 report to Government on the modernisation of Australian design law, the Australian Law Reform Commission (ALRC), considered a grace period for designs but recommended that no grace period be provided. 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 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 examination and registration and which should lapse.

Issues

We seek your views on the costs and benefits to Australian business of Australia providing a grace period for designs similar to that provided for patents for a specified period before seeking registration:

- Would a grace period for designs advantage or disadvantage your business?
- Has there been a change in the use of design protection since the ALRC report that has led now to a need for a grace period that did not exist then?
- If there was a grace period, would you
 - use it for strategic market testing?
 - use it as a saving provision for unintended publication?
 - avoid it because publication before filing could lead to the loss of design rights in markets that do not provide a grace period (as is the case for the patent grace period)?
- How do you evaluate the risks of designs being copied by third parties during a grace period?
- If a grace period were to be made available, how long should it be for?
- Would such a grace period be an alternative to deferment of publication of the kind offered in the Hague system or in addition to deferment?

Fees

Under its financial framework agreed with the Department of Finance and Administration, IP Australia is required to set its fees consistent with the Government's cost recovery policy. IP Australia is currently undertaking a review of all fees and charges to ensure that the existing fees structure maintains a cost-recovered position.

Issues

We seek your views on:

- the current structure of design fees in Australia;
- whether there should be changes to the fee structure to encourage multiple applications; and
- any other changes you might like to see to the current structure of design fees.

Your **comments on these and any other matters relating to designs registration** would be appreciated before **12 November 2005**. Please send written comments to:

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or by email to janet.werner@ipaaustralia.gov.au.

Please note that all comments will be made publicly available, unless confidentiality is specifically requested.