

## Government response - ACIP Review of the Designs System

### ***ACIP Designs Review***

#### ***Recommendation 1***

ACIP recommends that the Designs Act should be amended, as soon as practicable, to address anomalies identified by stakeholders and to adopt certain specific reforms that will bring Australian designs law into better alignment with equivalent laws of major trading partners, international treaties and proposed international treaties.

#### ***Government response***

The Government accepts this recommendation.

The Government accepts the need for legislative change to address many of the specific recommendations of the review. Responses to the specific recommendations are below.

### ***ACIP Designs Review***

#### ***Recommendation 2***

a. ACIP recommends that Australia promote efforts to harmonise and streamline procedures for acquiring international registered design rights.

b. Australia should commence an investigation into the implications of joining the Hague Agreement, including consulting with WIPO. Australia should monitor usage of the Hague system and in particular whether usage of the system increases as a result of recent expansions of its membership.

c. Australia should work actively through the Designs Law Treaty process to promote harmonisation of filing requirements.

#### ***Government response***

2 a) The Government accepts this recommendation.

IP Australia will continue its efforts to encourage international harmonisation and streamlining of registered design systems in different jurisdictions.

2 b) The Government accepts this recommendation.

IP Australia will investigate the implications of Australia joining the Hague Agreement, and continue to monitor usage of the Hague System by our major trading partners.

2 c) The Government accepts this recommendation.

IP Australia will continue its active involvement in promoting harmonisation of international filing requirements through development of the Designs Law Treaty.

**ACIP Designs Review****Recommendation 3**

ACIP recommends extending the maximum term of protection of designs to 15 years only if a decision is made to join the Hague Agreement.

**Government response**

The Government accepts this recommendation.

The Government notes that if Australia joins the Hague Agreement it will be obliged to provide a maximum term of protection of 15 years. The implications of changing the maximum term of protection will be reviewed further as part of investigations into joining the Hague Agreement (see recommendation 2(b)).

This issue is also being considered by the Productivity Commission (PC) in its inquiry into Intellectual Property (IP) arrangements.

**ACIP Designs Review****Recommendation 4**

ACIP recommends changing the terminology for a registered but uncertified design to make it clear that the design does not, until certification, confer enforceable rights. ACIP suggests the term 'uncertified design' should be used.

**Government response**

The Government accepts this recommendation.

The Government accepts that it is desirable to clarify when a design is enforceable. The exact terminology will be finalised before implementation.

**ACIP Designs Review****Recommendation 5**

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

**Government response**

The Government accepts this recommendation.

Amendments to implement this recommendation are to be included in a forthcoming Intellectual Property Laws Amendment Bill. The Bill will provide for a number of changes to streamline IP processes and support small business. Public consultation on an exposure draft of the Bill will occur before the Bill is introduced to Parliament.

**ACIP Designs Review**

**Recommendation 6**

ACIP recommends requiring a request for examination of the design by the first renewal deadline (five years).

**Government response**

The Government notes this recommendation.

The Government considers that the response to this recommendation will be closely tied to and dependent on the outcome of the investigation into the implications of Australia joining the Hague Agreement, which the Government will undertake in response to recommendation 2(b).

**ACIP Designs Review**

**Recommendation 7**

ACIP recommends introducing a system of opposition following certification, if recommendation 6 is accepted.

**Government response**

The Government notes this recommendation.

The Government considers that the response to this recommendation is dependent on the response to recommendation 6, which is itself closely tied to and dependent on the outcome of the investigation into the implications of Australia joining the Hague Agreement.

**ACIP Designs Review**

**Recommendation 8**

- a. ACIP recommends improving the process for multiple design applications by reducing the fees for each additional design added to the application, in accordance with the original proposal of the ALRC.
- b. ACIP further recommends that details regarding the eligibility of designs for inclusion in a multiple design application be developed with a view to consistency with relevant international treaties and proposed international treaties and harmonisation, if possible, with requirements in other major offices where Australians are likely to file design applications.

**Government response**

8 a) The Government notes this recommendation.

The Government considers it appropriate to consider this recommendation further in the context of IP Australia's current fee review, to be completed in 2016.

8 b) The Government notes this recommendation.

The Government considers that the response to this recommendation will be closely tied to the outcome of the investigation into the implications of Australia joining the Hague Agreement, which the Government will undertake in response to recommendation 2(b).

<b><i>ACIP Designs Review</i></b>
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<b><i>Recommendation 9</i></b>
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ACIP recommends automatic publication at six months after the filing date, with the possibility to request publication earlier if desired, and with an amendment to the innocent infringer defence in subsection 75(2) of the Designs Act.
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***Government response***

The Government notes this recommendation.

The Government considers that the response to this recommendation requires further consultation as acceptance of this recommendation may have unintended consequences for particular applicants. IP Australia will consult further with stakeholders in order to develop an appropriate response.

<b><i>ACIP Designs Review</i></b>
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<b><i>Recommendation 10</i></b>
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ACIP recommends retaining the requirement of distinctiveness and section 19 of the Designs Act in its current form.
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***Government response***

The Government accepts this recommendation.

<b><i>ACIP Designs Review</i></b>
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<b><i>Recommendation 11</i></b>
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ACIP recommends allowing amendment of the Statement of Newness and Distinctiveness in ways that identify particular visual features of the design as new and distinctive, up to the point of certification.
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***Government response***

The Government accepts this recommendation in principle.

The Government notes that at present a Statement of Newness and Distinctiveness (SoND) cannot be amended when new prior art is identified in the course of examination. This means an applicant cannot amend the SoND to clarify what makes their design new and distinctive from prior art they may have been unaware of at the time of filing the SoND. This limits its usefulness to applicants.

The Government accepts the principle that an applicant should be able to amend the SoND, provided that it does not broaden the scope of the design owner's right. However, the Government considers that this recommendation requires further consultation to ensure that there are no unintended consequences before implementing change.

**ACIP Designs Review**

**Recommendation 12**

ACIP recommends 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.

**Government response**

The Government accepts this recommendation.

The Government agrees to introduce a grace period together with a prior user defence. The length of the grace period and requirement for an applicant to declare any disclosures at the time of filing will be determined at a later stage following further stakeholder consultation and development of international norms.

**ACIP Designs Review**

**Recommendation 13**

- a. ACIP recommends retaining the current requirement that protection relates to the visual appearance of a whole product.
- b. ACIP recommends that, in investigating opportunities for international cooperation in design application processes and requirements with other offices overseas, IP Australia consider whether allowing partial product registrations would enhance harmonisation of application requirements in a way that would substantially advantage Australian applicants. If significant advantages to Australian applicants can be shown and IP Australia can confirm that such protection does not give rise to substantial practical or legal issues overseas, then ACIP would support reform of Australian law.

**Government response**

13 a) The Government accepts this recommendation.

13 b) The Government accepts this recommendation.

The Government notes the potential benefit of aligning Australia's designs system with those of key trading partners for Australian applicants seeking international protection. However, extending protection to partial designs would be a fundamental change to the current Designs system, and would provide legal rights that broadly encompass a large range of very different-looking products sharing one particular design feature. This could lead to increased complexity and costs in challenging the validity of any relevant design. Australia should not change the current system without detailed analysis of the costs and benefits.

Through its international engagement activities, IP Australia will continue to assess whether allowing partial product registrations would enhance harmonisation of application requirements in a way that would substantially benefit Australian interests.

This issue is also being considered by the PC in its inquiry into IP arrangements.

**ACIP Designs Review**

**Recommendation 14**

ACIP recommends that the treatment of virtual or non-physical designs be reconsidered, for example by allowing consideration of the product in its active state, not just its resting state, when considering validity.

**Government response**

The Government accepts this recommendation.

Through its international engagement activities, IP Australia will continue to assess whether specific considerations for the treatment of virtual or non-physical designs would benefit Australian interests.

This issue is also being considered by the PC in its inquiry into IP arrangements.

**ACIP Designs Review**

**Recommendation 15**

ACIP recommends that steps should be taken to make section 18 of the Designs Act consistent with the overlap provisions of the *Copyright Act 1968*.

**Government response**

The Government accepts this recommendation in principle.

IP Australia, which administers the *Designs Act 2003* (Designs Act), and the Department of Communications and the Arts, which administers the Copyright Act, will investigate taking steps to make section 18 of the Designs Act and the overlap provisions of the Copyright Act consistent with each other.

**ACIP Designs Review**

**Recommendation 16**

ACIP recommends the Government consider introducing (with appropriate resourcing of Customs) border protection measures that align with the Trade Marks and Copyright Acts (Notice of Objection Schemes) to allow for the seizure by Customs of alleged design infringements which are identical to certified designs.

**Government response**

The Government does not accept this recommendation.

The Government considers that the proposed introduction of border controls in respect of alleged design infringements would pose a range of practical difficulties, and would be resource intensive for the Australian Border Force (ABF) to implement.

The Government notes that the Designs Act currently provides rights holders with opportunities to take action domestically, for example seeking injunctive relief and damages, against suspected infringements of certified designs. A determination in relation to whether a

product infringes a design right is a decision made through the courts. In practice this means the rights holders, under current legislation, can provide the ABF with a court order preventing the release of particular imported goods, along with actionable intelligence to assist in identifying the specific shipment.

<b>ACIP Designs Review</b>
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<b>Recommendation 17</b>
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ACIP recommends retaining section 71 of the Designs Act in its present form.
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**Government response**

The Government accepts this recommendation.

The Government notes that although ACIP considered there is an anomaly between section 71 in relation to infringement of design and section 10 in relation to the exclusive rights of owners, this has not given rise to any problems in the operation of the Designs Act.

Furthermore, ACIP cautioned that ‘fixing’ this anomaly would create uncertainty and could have unintended effects.

<b>ACIP Designs Review</b>
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<b>Recommendation 18</b>
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ACIP recommends amending the legislation as soon as practicable to address specific anomalies identified by stakeholders and listed by ACIP below. ACIP considers that these amendments would improve the operation and consistency of the Act and in some cases, consistency with other IP systems.
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The Designs Act and/or the <i>Designs Regulations 2004</i> should be amended to ensure:
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| <ul style="list-style-type: none"><li>a. That rules regarding the identity of Convention applicants are consistent with rules relating to entitlement to designs;</li><li>b. That international Convention applicants are not disadvantaged in cases where formal requirements differ between jurisdictions, by expanding the rules relating to priority claiming;</li><li>c. Courts have the power, similar to that available under the <i>Patents Act 1990</i> to refuse to revoke a design registration on the basis of lack of entitlement of the named applicant in appropriate circumstances;</li><li>d. 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);</li><li>e. The prior art base against which newness and distinctiveness is considered is expanded to include designs for products other than the product the subject of the registered design;</li><li>f. The ground of revocation on the basis of fraud, false suggestion or misrepresentation extends to fraud, for example, during certification (not just registration);</li><li>g. The opportunity to amend is broadened to allow for amendment other than to overcome a ground of revocation;</li><li>h. Exclusive licensees have the right to bring proceedings for infringement; and</li><li>i. Grace periods for renewal deadlines align with other IP Rights.</li></ul> |
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**Government response**

The Government accepts these recommendations with the proviso that Australia will continue to comply with relevant international treaties and conventions; and any change to the Designs Act does not result in an unintended advantage of one type of application (i.e. convention claim) over another type of application (i.e. non-convention claim).

Amendments to implement recommendation 18(i) are to be included in the forthcoming Intellectual Property Laws Amendment Bill. The Bill will provide for a number of changes to streamline IP processes and support small business. Public consultation on an exposure draft of the Bill will occur before the Bill is introduced to Parliament.

<b>ACIP Designs Review</b>
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<b>Recommendation 19</b>
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ACIP recommends no change to the trade mark/design overlap.
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**Government response**

The Government accepts this recommendation.

The Government notes that the present Review found no evidence of any problem with the present trade mark/design overlap.

<b>ACIP Designs Review</b>
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<b>Recommendation 20</b>
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ACIP recommends no change to the Repair Defence.
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**Government response**

The Government accepts this recommendation.

The Designs Act introduced a Repair Defence provision into the Designs system. Where a component part is used for repair of a complex product to restore its overall appearance, the manufacturers and suppliers of the component part are exempted from any liability for infringement. The Government notes that ACIP found no evidence of any problem with the present repair defence provision that would warrant changing the present system.

<b>ACIP Designs Review</b>
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<b>Recommendation 21</b>
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ACIP recommends no change to the designs system at this time to respond to 3D printing and scanning technologies.
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**Government response**

The Government accepts this recommendation.

The Government notes that ACIP received few submissions supporting reforms in this area, while other submissions noted that it would be premature to amend the Designs Act to account for technological advances. The Government considers that it would be premature to



take legislative action when there is no evidence of any existing problem. The Government will continue to monitor technological developments and their implications for the designs system.

<b><i>ACIP Designs Review</i></b>
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<b><i>Recommendation 22</i></b>
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ACIP recommends that Australia should not introduce protection for unregistered designs.
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***Government response***

The Government accepts this recommendation.

Unregistered Design Rights give a designer the right to prevent others from copying their designs for a certain period without requiring them to register their design or satisfy an innovation threshold. The Government notes that submissions to ACIP were generally opposed to the introduction of Unregistered Design Rights, and suggested it would undermine the current registered design system.

<b><i>ACIP Designs Review</i></b>
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<b><i>Recommendation 23</i></b>
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ACIP recommends that the role of the designs system be specifically included in any broader review of Australia's IP framework, such as a broader review that may be proposed in the Final Report of the Competition Policy Review.
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***Government response***

The Government accepts this recommendation. The role of the designs system has been included in the terms of reference of the PC inquiry into Australia's IP arrangements. This inquiry was announced by the Treasurer and the Minister for Small Business on 18 August 2015, and the PC is expected to report in August 2016.