

Introduction

The International Trademark Association (INTA) welcomes the opportunity to provide the enclosed comments to the Government of the Commonwealth of Australia on the public consultation on the [Hague agreement economic analysis report](#) (the “Report”), which was released on March 29, 2018.

INTA is a global association of brand owners and professionals dedicated to supporting trademarks and related intellectual property (IP) to foster consumer trust, economic growth, and innovation. INTA's members are more than 7,200 organizations from 191 countries, including 168 in Australia. The Association's member organizations represent some 31,000 trade mark professionals and include brand owners from major corporations as well as small and medium- sized enterprises, law firms and nonprofits. There are also government agency members as well as individual professor and student members. Further information about our Association can be found at www.inta.org.

INTA believes that the protection of registered designs is a key challenge of today's economy. With the recent accession of South Korea, the United States and Japan, the Hague System is becoming a very important tool to obtain international protection for designs. We therefore strongly support the Hague System and will continue to actively advocate for countries and intergovernmental organisations to join the Hague Agreement, as well as to assist the users of the System to find ways to simplify and harmonize procedures for industrial design registrations.

As directed by the consultation notice, INTA's comments focus on:

- *The methodology and assumptions of the economic analysis*
- *Any unquantified impacts and case studies/ experience users of the Hague System, or applicants for design in other countries, have had*

Overview

Some of the unquantified impacts that INTA would like to comment on include:

1. an easier route for Australians to file internationally;
2. an easier route for international filers to file in Australia;
3. the benefits of changing from 10 to 15 year term of protection;
4. other benefits of simplification and international harmonization.

1. An easier route for Australians to file internationally

While the Report comments that Australians can use the Hague System directly through WIPO, it also notes that they can only do so if they have a business connection to a country that is already a Hague participant (for example, if they have a related company in the EU or US).

Acceding to the Hague would enable all Australian businesses to file directly to any of the 68 countries that are currently part of the Hague System, with other major countries likely to join soon, such as China, Canada, Mexico, Israel and other ASEAN countries. Four out of five of Australia's

top trading partners including US, Japan, Korea, and the UK are already part of the Hague System. This one-stop-shop will reduce costs for Australians, and more importantly, allow Australian businesses to expand internationally and compete on a global stage. Given the relatively small market in Australia, many industries would benefit from growing into overseas markets, as demonstrated by different Australian companies which have already done so.

2. An easier route for international filers to file in Australia (and the Flow-on Investment into Australia)

If it is easy to file an international design registration in Australia through the streamlined Hague application process, then this is likely to encourage international filers to file in Australia.

It is anticipated that if Australia joins the Hague System, then IP professionals would enjoy an increase in work from international filers filing in Australia from substantive examination, advice and infringement work.

The economic merits will depend heavily on the specifics of the implementation. In this regard, at the recent public forum concerning the Economic Ramifications of Australia ratifying the Hague System for International Design Registration, IP Australia mentioned that mandatory substantive examination (which Australia, does not have since the implementation of the 2004 Act) would be introduced (although how this would be achieved was not clear). It is also possible that a formal opposition procedure could be introduced; there is an informal opposition procedure at present but this is based on re-examination. Presumably, more examination and more opposition will result in more work for IPA examiners and Australian IP professionals.

Additionally, while the Report stipulates that non-resident designers who file in Australia through the Hague System and make a profit on their designs will result in a direct cost to Australian consumers, it does not consider the flow-on effects of having that product sold in Australia. This includes the sales tax collected on the design's product, the marketing and advertising money sums spent in Australia to promote that product, the employees employed in Australia to sell that product, the distribution of the product in Australia, etc., all of which lead to more money being invested into the Australian economy from non-resident businesses to create more jobs and more economic growth.

In general, we believe that encouraging international filers to protect their designs in Australia can potentially lead to increased economic benefits to Australians, encouraging manufacture, advertising and marketing services in Australia. Stakeholders in these business areas should be consulted.

3. Benefits of Changing from 10 to 15 Year Term of Protection

Currently in Australia, registration of a design gives protection for five years from the date it was filed, and can be renewed for a further five years, resulting in 10 years of protection in total. Acceding to the Hague System will require the term of protection to be extended to 15 years, in line with the other Hague member countries.

While the Report notes that a longer term might result in foreign filers obtaining a longer monopoly in Australia, it does not consider the economic uplift for domestic filers within Australia. For Australian businesses relying on design innovation, the longer monopoly and higher profits may enable the business to grow larger for longer, with more potential to grow further abroad especially with the Hague System facilitating easier international filing as mentioned in point 1. Both domestic and international growth for Australian businesses would benefit Australia's economy.

Offering yet a further five-year renewal will also generate additional registration fees for the office.

4. Benefits of Simplification and International Harmonization

Helps Individual Designers and SMEs

INTA supports international harmonization, which makes filing for design registration considerably easier and more cost-effective, particularly for individual designers and small to medium sized enterprises ("SMEs"). International harmonization of laws and convergence of practices as well as reinforcing communication with and support to SMEs, highlighting the importance of brand protection regardless of businesses' size, are essential strategic directions of INTA's [2018 – 2021 Strategic Plan](#). In line with its Strategic Plan, INTA's 2018 Presidential Task Force will focus specifically on identifying the interests, needs, and characteristics of global SMEs and entrepreneurs from an IP perspective.

In this context, INTA strongly encourages Australia to recognize the many benefits to Australian designers (and particularly individual designers and SMEs) of being able to obtain design rights in multiple jurisdictions in a simplified manner and with reduced costs. INTA also recognizes the value to designers outside Australia of being able to obtain cost-effective design protection in Australia through the Hague Agreement.

Grace Period Consistency

While not required by the Hague System, many Hague countries allow a grace period for disclosure prior to filing.

In May 2016, the Australian Government agreed to introduce a grace period together with a prior user defence. However, details of the grace period, such as whether it should be for 6 or 12 months, were to be determined later.

INTA strongly welcomes the implementation of a grace period in Australia. Grace periods protect individual designers, SMEs, and large companies from irrevocably losing their rights where a disclosure occurs before an application is filed. Having a grace period prevents inadvertent forfeiture of rights for designers and therefore would not extend a pass for third parties to make knockoff products with immunity. A grace period also allows a designer to test a design on the market, before being put to the expense of registering for design protection. In line with its [Model Design Law Guidelines](#), INTA supports a harmonized grace period of 12 months in order for designers, and particularly individual designers and SMEs, to avoid inadvertent loss of rights.

Having a grace period for designs will also make this IPR more consistent with Australian patents, which already have a 12 month grace period.

Design Representation Consistency

A number of practical benefits would result from joining the Hague System, including clarity around format of design drawings/representations which will be suitable internationally. At present, there can be uncertainty as to whether the format used in an Australian basic application will be suitable for every overseas country.

Conclusion

By way of summary, INTA believes that the benefits of accession to the Hague Agreement will provide advantages to practitioners, businesses and more broadly, the Australian economy. Australian's major trading partners have already signed up to the Hague Agreement. Australia should also take advantage of this simplification of international coverage to enable its businesses to reach the world more efficiently and cost-effectively.

INTA stands ready to support IP Australia in its efforts to assess the benefits of Australia joining the Hague Agreement. Should you wish to further discuss any of the points we have raised or additional issues, please contact Carolina Oliveira, INTA Policy Officer -Europe and Staff Liaison for INTA's Designs Committee at coliveira@inta.org.