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Redesigning Designs: The Future of Design Protection in Australia

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Introduction

IP Australia recently completed a year of research into the Australian design economy. This article outlines the drivers behind undertaking that research, various methodologies we employed throughout, and key findings that we uncovered. It also outlines some of the major and minor reforms that we are now undertaking in response to our findings, as well as areas open for further exploration. In the short term, we are making changes to improve access to the online filing system and access to information and support to reduce barriers to design protection and commercialisation. Other potential changes (including virtual and partial protection) are still being explored. This article should be seen as a snapshot of a moment in time – to provide a picture of where we have been and where we are going. It is important to underline at the outset that this is not the end of the story. While the review phase has officially concluded, we will continue to expand our understanding of the design economy and collaborate with the community to make improvements and address challenges.

Investment and employment in innovative and creative industries is essential as Australia diversifies its economic base to a sophisticated knowledge-economy. The Australian Government has long viewed the intellectual property (“IP”) system as an economic tool in place to “support innovation by encouraging investment in research and technology in Australia and by helping Australian businesses benefit from their good ideas.”³ The registered design right system contributes to Australian innovation, investment and the production of creative works. It is intended to encourage greater innovation, competition, investment, and access to genuine products.

The purpose of the *Designs Act 2003* (the “Designs Act”) is to support Australian innovation by giving designers an exclusive right for a limited time and by providing an accessible register of existing designs, while balancing the interests of designers, consumers, manufacturers and retailers. According to the Australian Law Reform Commission, the objective of the design right is “to encourage innovation in Australian industry to Australia’s net economic benefit.”⁴

Given the need to ensure balance and equity in the IP system, a leading driver of our research was to maintain a broad and holistic perspective to best capture a variety of viewpoints. The design ecosystem is extensive; as an industry based around innovation, it is also expansive by its very nature. Subsequent to us completing our research phase, the COVID-19 pandemic threw into sharp focus the way technology can play a key role as we adapt to new ways of working, new ways of doing business and new

ways of engaging with each other as a society. Through the designs review, we wanted to better understand the role of design rights today, amid global change and technological advancement.

Background to the review

There were three key catalysts for IP Australia’s designs review. The first catalyst was to fill evidence gaps pointed out by two prior reviews into the IP system and the registered design system.⁵ The second was to respond to a joint economic study between IP Australia and the Intellectual Property Research Institute of Australia (“IPRIA”) which had data not available to the previous reviews and found that the design ecosystem was productive but lagging other countries in both relative use of the registered design system and relative design employment.⁶ The third was to respond to a growing chorus in the design community seeking reform.⁷

Taken together, these factors made a persuasive case that there were evidentiary gaps in the design system that needed to be addressed. By building on prior reviews, conducting further targeted issues research, and engaging extensively with members of the design community, a more comprehensive review could give us a better understanding of the disparate needs of a very diverse design community, highlight where changes might encourage innovation, and paint a clearer picture of the opportunities to grow the design economy.

About the review

Our four guiding principles for this review came from the Australian Productivity Commission (“PC”) which provides

a framework for reviewing IP systems. IP systems should be effective, efficient, adaptable, and accountable. An *effective* system is one that promotes “the creation and dissemination of genuinely new and valuable innovation and creative works, which in the absence of such a system would not have occurred.”⁸ The key question, then, is whether the presence of the IP system leads to additional innovation. Effective IP systems need to balance different needs. On the one hand, incentives for creators (by providing them exclusive rights for a limited time); and on the other hand, costs to consumers (who may pay more due to market access being restricted for certain products).⁹ If this balance is not achieved it can lead to flow-on costs to society. Achieving this balance would result in an *efficient* system. With the advent of new and emerging technologies, IP systems need to be *adaptable* to ensure that new types of products that should be able to access the system are not locked out due to inflexible IP arrangements. Finally, evidence-based policy and transparency can ensure that IP arrangements remain *accountable*.

In seeking transparency, we followed a human-centred design methodology, ensuring we were open and collaborative with members of the design ecosystem throughout the research process. We wanted to better understand the design ecosystem, including what drives design innovation. To achieve this, we employed a range of research methodologies throughout the review, including qualitative, economic, empirical and survey research, and discussion forums and idea-generation workshops to provide a broad and rigorous evidence-base.¹⁰ The body of evidence helped to fill information gaps and form the foundation for some of the potential changes discussed in the next section of this article.

The first step in the research was to begin engaging widely with people within the design ecosystem. We conducted more than 80 interviews with people from design-related professions and industries around Australia. We asked about their experiences and roles in the design process, what motivates them to invest in visual design, and what barriers and challenges they face. Those we spoke to within the design ecosystem could be broadly categorised as follows:

- market actors, including designers and design-intensive businesses who did or did not register design rights, industrial or product design consultants, manufacturers, retailers, and input suppliers;
- consumer representatives;
- legal and business advisers, including patent attorneys, IP lawyers and commercialisation advisers;
- design peak bodies;
- design and business academics;
- law academics; and
- design media influencers and commentators.¹¹

The primary objective of these interviews was to provide the opportunity for people to share with us their unvarnished experiences within the design ecosystem, the challenges and opportunities they faced and for us to gain their insights and ideas. Consequently we did not approach these interviews with specific policy questions, but rather let the collated experiences from these qualitative interviews show where the challenges and barriers lie.

Two of the major issues uncovered in the qualitative research were design copying, and challenges related to enforcing design protection. To gather more information on these issues, we ran two surveys between January and March 2020 of Australian designers and inventors. The goal of the surveys was to understand methods and motives for protecting designs, experiences of design copying, and any barriers to effective IP enforcement. The first survey was of recent applicants for design rights and patents, and the second was a survey of design-focused businesses.¹² We partnered with peak industry bodies, who helped to distribute the survey to their members. Through this pair of surveys we sought to better understand the methods and motives through which businesses protect their designs, experiences they had with copying and barriers to enforcing their IP. While there are limited ways that IP Australia can respond to issues of copying and enforcement directly, we are working to share our findings across government and industry so that the issues that we uncovered can be further explored and addressed.

Through our research we also wanted to better understand the design landscape in Australia from an economics perspective. The collaborative economic study between IP Australia and IPRIA in 2018 gave us an insight into Australia’s registered design system in comparison to other countries. In order to gain a clearer picture of Australia’s design economy, IP Australia commissioned the Centre for Transformative Innovation (“CTI”) at Swinburne University of Technology to assess the impact of past legislative changes¹³ and whether Australia’s design rights system is providing incentives for Australians to invest in design. Using financial records from 1.1 million Australian businesses between 2001-02 and 2016-17, and an in-depth annual “Business Characteristics Survey” of 50,000 Australian businesses from the Australian Bureau of Statistics, the study covered all active Australian businesses.

Some of the key findings from our research include:

- Design activity in Australia is much larger than what is protected by design rights. Design-related industries and workers more broadly contribute approximately AU\$67.5 billion per annum to the Australian economy – more than 3.5 per cent of gross domestic product.
- Less than 0.5 per cent of Australian businesses have held a design right in the last 16 years.

- Not all businesses can expect an economic benefit from having design rights. Economic analysis shows owning a design right predicts productivity gains for a narrow segment of the economy: businesses in a limited set of “design rights-intensive” industries, primarily in manufacturing and some in wholesale trade.
- Awareness of design rights is low and the system is difficult to understand and use. Many in the design ecosystem have no or very limited knowledge of design rights, their purpose, or how to make use of them. Even experienced users find the registration process difficult, and incompatible with the iterative nature of design.
- Design rights provide their value as part of a broader business strategy. A broader strategy that includes design rights often also includes being a part of global value chains, having strong competitive strategies, and using informal design protection methods.
- Design rights work in tandem with patents and trade marks. Australian businesses with an IP portfolio that combines design rights with patents and/or trade marks are seen to live longer, have more employees, and have a higher average profit per employee than just having design rights on their own.¹⁴

Having completed the research phase in March 2020, IP Australia has started working to address some of the major challenges uncovered through the research. The review phase allowed us to understand more clearly some of the major issues within the design industry and economy (the design ecosystem), especially the needs of those who register and are impacted by design rights. It also helped to identify and address key evidentiary gaps as we work towards reforms that will best ensure that the design rights system is effective, efficient, adaptable and accountable. The next section outlines some of the ways we are responding to what we discovered about the design ecosystem.

Changes we are making

Improving the usability of the online filing system

The process for a designer to register for design protection is not intuitive. Our research and engagement through the review validated that the online filing system requires significant improvement and is a frustration for those registering design rights, restricting access to the system.

Those who register design rights in their current form have told us that filing in Australia is disproportionately time consuming. This may deter filings or undermine the value of having design rights. These difficulties are both in comparison to filing design applications with IP Offices in other countries and filing other IP rights (in particular, patents and trade marks) in Australia. “Designs are the hardest IP to file. Lowest value for the applicant and it’s

harder and more expensive [time-wise] to file,” was the point made in one of the interviews.¹⁵

IP Australia is undertaking a large-scale digital transformation to modernise our web services. This includes replacing IP Australia’s legacy online transaction system (“eServices”) with a new customer-facing transactional platform. In recognition of the research and the potential for a significantly improved filing experience for our current and future customers, IP Australia has made the decision to fast-track the development and implementation of the new online filing system for designs, meaning design applicants will be among the first to benefit from the new system.

A key point of frustration that the new system will address is how eServices allows customers to provide the representations of the design they are applying for (i.e. the images). This issue was the most pressing concern for several customers interviewed in the research, particularly from attorneys who file designs on behalf of clients frequently. There was also a general lack of confidence that what was filed through the online system reflects what is ultimately received, assessed, and registered by the Office.

Those designers and businesses who file their own designs applications – i.e. without an attorney – were far less vocal in interviews about their experiences with the online filing system. However, it was clear through conversations that many had struggled through the process, made avoidable mistakes, or the registered design did not match what they had intended to protect. After the filing process, we heard stories of applicants not realising important correspondence from IP Australia had arrived, risking their design application lapsing or never becoming registered.

Where the current online filing system is potentially creating barriers, our enhancements will enable a more streamlined and intuitive process. Through this digital transformation we are improving access to the system and aiming to produce a better experience for customers.

Access to the right information

Understanding of design rights is low, even within the design community.¹⁶ Frequently throughout our review we were able to confirm that this is the case for many within the design community. Even from IP professionals, we heard: “[i]t is so rare that anyone actually asks to register designs, most aren’t even initially aware that designs exist.”¹⁷

In our surveys of Australian designers and inventors, we asked questions about awareness of different types of IP. For both the industry survey and the applicant survey, the awareness of design rights was significantly lower than other IP rights. The industry survey, for example, reported only 66 per cent being aware of design rights, whereas 100 per cent of respondents were aware of copyright, 99 per cent were aware of trade marks and 98 per cent were aware of patents.¹⁸

These survey results reflect what we heard while engaging with the design community as part of our research phase. We heard repeatedly that many had never heard of design rights, or only became aware of design rights when seeking legal advice after they had experienced copying, rather than at a point early enough in the design's lifecycle to secure registered protection. Those who had heard of design rights typically did not understand them – even those who have read IP Australia's website and have registered designs. Many people we spoke to who held design rights were not sure about core details (such as how long design rights last, what a design right protects, when a design right is enforceable) and most were not certain about what the purpose of a design right was. However, they were much more likely to have a better understanding of patents, trade marks and copyright, which means the issue is not simply about IP literacy more broadly, but design rights – or at least the way information about them is currently communicated.

We are now in the process of a comprehensive audit of designs-related content IP Australia makes available, both on the agency's website and in our correspondence. This will ensure we are providing targeted content that is accurate, up to date, and consistent, and reflects the needs of the design audience as identified through our research and engagement. We want to be proactive in keeping our information relevant, especially for such a fast-moving industry.

There is limited relevant information available about what to do *after* taking the step of registering for design protection. "The big issue is what happens next [after registering a design] ... I couldn't find info on how to bring the design to market."¹⁹ This was particularly a concern for small businesses, who found the process of protecting, marketing and commercialising their products overwhelming; there was little in the way of holistic, unified and coherent advice to draw on. Since many small design firms are doing the design work as well as running the business, it can often be challenging to find the time to piece everything together, especially when commercialisation and overall business strategy does not tend to be a significant part of design training.²⁰

The PC review alluded to the fact that there is considerable information available on commercialisation, business strategy, and IP protection. Any new information and education campaigns would consequently, as recommended by the PC, be targeted carefully.²¹ In order to address this, we are working to ensure that designs-related content is fed into existing business education platforms within federal and state governments, universities and peak industry bodies where relevant. We want designers and businesses to have the tools they need to make informed, proactive decisions about their IP needs, and be confident in the role that IP can play as part of their commercialisation strategy. This starts with ensuring that the right information is easily accessible

for those who need it, at an early enough point of a design's lifecycle.

Access to design protection

The CTI econometric study provided us with a stronger understanding of who uses design rights most intensively, and what value they get from them. The data shows that design rights benefit a small segment of the business population who make extensive use of them, typically as part of a broader global commercialisation strategy. What remains unknown is whether designs rights could be more effectively utilised by the broader business population in Australia; if greater access to the design rights system could deliver greater net benefit to the economy.

The CTI study assessed industries for their design rights intensity: that is, the number of active design rights per employee. Design rights intensity in the CTI study was defined as the industries "ranked highest for design rights per employee, selected to create a sample comprising 5% of all Australian businesses."²² For businesses within these industries, the study found that having more design rights is an indicator of higher productivity; however this was not the case for businesses within the wider Australian economy. Design rights were also a leading indicator of greater research and development spending (which was found across all industries), suggesting that design and research and development are complementary activities.

The broader industry category that owns the most design rights per employee was manufacturing. Other industries that tended to be prolific users of design rights are construction, retail trade, agriculture, and rental hiring and real estate services.²³ Businesses within design rights-intensive industries were more likely to participate in global value chains.²⁴

These findings showed us a very engaged pocket of the design ecosystem actively using design rights as part of a broader commercialisation strategy. Those industries that do use design rights most intensively are reaping tangible benefit from participating in the system.

Based on the results from our surveys, we estimated that products with design protection have a higher private value than those that do not. We found that:

- Designs without a design right in Australia or overseas have a mean estimated value of AU\$678,227 and a median value of AU\$78,000 (though these values are from a small sample).
- Designs with a design right in Australia but not overseas have a mean estimated value of AU\$3.7 million and a median value of AU\$675,000.
- Designs with a design right overseas have a mean estimated value of AU\$5.8 million and a median value of AU\$1.5 million.²⁵

The question that remains is what this might mean for those who are currently not using design rights or are unable to access them. Design rights applications filed by Australian residents have not grown over time. The number of applications per employee, meanwhile, has been decreasing.²⁶ Design rights play a niche role in the Australian economy, with only one business in every 297 holding a design right in 2017.²⁷ In our applicant survey, roughly a quarter of respondents (26 per cent) indicated that they “had not typically sought to protect their designs.”²⁸ This supports what we heard in interviews, where even businesses that have design rights were only getting protection for a very small selection of their products. In our industry survey, nearly half of all respondents (47 per cent) indicated that they “had not typically sought to protect their designs.”²⁹

We know that design activity in Australia is much larger than what is protected by design rights. While this disparity is not in itself a problem – and may in part be attributed to a simple lack of awareness of design rights by businesses who could be registering them – we also recognise that parts of the design community are unable to benefit from the design rights system in its current form. There are several reasons for this which we uncovered in our research, including that design rights are not compatible with many business’ design processes, especially developing in iterations and making designs public before registering.

That the design rights system is incompatible with how many businesses do design work was frequently confirmed throughout our research phase. For example, we heard stories of small fashion design houses who would often work on garments until the last possible moment before a runway show, where the design is photographed and shared on social media instantly, leaving no practical opportunity to file a design right application – despite a general desire from these businesses to protect their designs.³⁰ Other reasons include the kinds of products being designed, especially in the technology sector, as well as broader problems around the scope of protection itself. We heard from businesses who said their highly valuable design work seemed to “fall between the cracks” of the different IP systems, and so remains unprotected by any formal registered IP.³¹

Regarding the publication issue: a significant upcoming legislative change being proposed to help address this is the grace period for those applying for design rights. This is expected to be a significant step to remove barriers for many who are prevented from participating in the design rights system and to create new opportunities for those seeking to protect their designs. This change has been published in an exposure draft of the Government’s proposed designs amendment legislation.

Introducing a prior art grace period would protect designers who publish their design before seeking legal protection, whether inadvertently or due to practical commercial

realities. Submissions to our consultation on the new designs bill strongly supported an automatic 12-month grace period, and this option has been published in the exposure draft legislation. It is worth noting, however, that the introduction of a prior art grace period also has consequences for third parties, as third parties would face a longer period in which it is unclear if registration will be sought until a design is registered and published on the register. To mitigate this, a prior use defence was proposed to protect third parties against infringing someone else’s registered design if they started using their own design before the priority date of the registered design. Many submissions favoured an exemption modelled on section 119 of the *Patents Act* 1990 (Cth), which is the model that has been published in the exposure draft legislation.

Changes we are exploring

We expect the changes we are making in the short term will break down some accessibility barriers for many who work within the design community. However, our focus on the bigger picture continues through longer-term initiatives and possible legislative reforms. There are several potential changes that could be made, but we do not yet have a clear enough understanding of the overall benefits and consequences – noting, as highlighted above, that IP settings needs to balance a variety of differing needs, such as designers, consumers, manufacturers and retailers. This section outlines some of the ideas that have emerged through our research which need further investigation and consultation with the designs community and across government.

Access to design protection for virtual products

Referring back to the PC principle of *adaptability*, there have been questions for some time as to whether the registered designs system can respond to rapid changes in technology.³² IP Australia has been exploring whether design rights in their current form can or should accommodate non-physical or “virtual” products, such as Graphical User Interfaces (“GUIs”), screen displays or screen icons, or whether to expand the scope of the right more generally. Expanding design rights to accommodate emerging technology may stimulate further innovation in these industries; however, we do not yet have clear evidence whether those industries need or want this type of support, if it would lead to additional incentives in the design ecosystem, or whether these products are best suited to other forms of protection outside of the design rights system.

There is currently some uncertainty about virtual design protection under the Designs Act, and there is support from some areas of the design ecosystem for introducing protection of virtual designs using design rights. IP attorneys we spoke to as part of our designs review were very much in favour of extending design right protection to virtual designs, and largely explained this from two perspectives:

- International inconsistency: especially where multinational corporations are disappointed they cannot get equivalent formal registered protection for virtual designs in Australia that they can register in other jurisdictions.
- Being unable to offer design rights to prospective local clients designing virtual products who are proactively seeking options to protect their work, but struggling to find a place within the existing IP framework in Australia. Some suggested relying on copyright was not clear enough and design rights have the advantage of making ownership unambiguous, which would result in a preferable outcome for clients.

Some larger businesses whose products are mostly physical, but have a screen or digital component (such as medical devices and kitchen appliances), and currently register design rights for their physical products, also suggested through interviews they would be interested in virtual design protection if it was made available to them. Nonetheless, businesses with this view typically told us they would continue investing in this design work regardless because it creates better products that customers prefer.

In this review, we could not establish a clear connection between the (in)ability to secure design rights for purely virtual designs and the incentive / motivations for Australians to keep doing innovative virtual design. Virtual designers we spoke to directly through the interview process had very limited knowledge about design rights (if any at all) but typically felt that protecting the *overall visual appearance* of any virtual product would not capture or protect what is valuable to them, which might be more likely to include the dynamic aspects of a product, or how a user interacts with it.

We were cautioned that design choices for GUIs can be quite limited based on what customers know how to operate, or to work on specific devices. There were concerns raised that designers could be prevented from using standard accepted visual cues when designing websites or apps, which may in fact impede their ability to keep innovating.

There are therefore outstanding questions around whether technology businesses would welcome, or even benefit from, being drawn into the design rights system. As highlighted above, in the industry survey nearly half of the respondents (47 per cent) indicated they had not typically sought to protect their designs by any means – formal or informal.³³ Survey data suggested that technological innovators tend to rely on lead-time advantage and secrecy, rather than protection through formal IP systems. This is consistent with the (albeit limited) stories we heard through qualitative interviews about virtual designs.

Before a firm decision can be reached around progressing protection of virtual products, we need to consult more widely and gain additional evidence to better understand

whether businesses in these industries use informal protection methods because they work best for these industries, or simply because formal protection through design rights is not available. That is to say: would we *impede innovation* by bringing these industries under the umbrella of design protection (and consequently restricting freedom to operate), or would access to the registered designs system *stimulate additional innovation* in these industries?³⁴

Access to design protection for parts of products

Another change we are considering that would potentially impact the scope of design protection is around protection for parts of products. Under the current Designs Act, design protection relates to the overall visual appearance of a product.³⁵ A *partial* design would allow design rights to be registered for parts of designs, such as the handle of a mug. This might enable designers to have specific access to design protection, and simplify and streamline their interactions with design rights. For example, if a handle is particularly unique, and used across a whole family of products, a designer would only need to get protection for that handle, rather than for each individual product in which the handle is used.

In consultation on this issue, there was much support for partial designs to protect *signature features* of products. A positive aspect of introducing this kind of protection is that many of our key trading partners, including the European Union, United Kingdom, United States of America, Canada, Singapore, Japan and South Korea already offer similar protections. Although harmonisation with other jurisdictions may assist Australians filing designs overseas, partial design protection is likely to increase complexity for businesses to determine their freedom to operate and/or challenge the validity of relevant designs. There is also limited consistency in the international approaches used for partial design protection.

As with virtual designs, feedback within the design community was mixed on the best method to implement partial protection. Any change to the current definitions in the legislation to accommodate protection for partial designs would involve multiple and complex legislative changes, and so we will continue to consult widely and build the evidence base before deciding whether to proceed with partial protection.

Access to greater certainty about design protection

IP Australia has been investigating an area that has caused some confusion and uncertainty in the design community, which is the terminology of “registered” and “certified” designs. These terms indicate if a design has passed a formality check and examination, respectively. Design rights are only legally enforceable if “certified”. Through interviews, many who owned design rights were thoroughly confused by, or completely unaware of, this distinction. We heard reports of

people sending and receiving letters of demand, taking steps to enforce designs that were just registered and not certified. This was seen across business in different sectors and of different sizes, with and without legal representation.

It may be the two-step process itself that is the source of confusion, and so changes to terminology would mitigate the complexity to only a limited degree. A potential solution to this problem may be to remove the two-step process entirely. A move to substantively examining every application would effectively eliminate the source of this confusion and increase certainty about the validity and enforceability of designs that people seek to protect. It is recognised that Australia is one of very few countries operating under the hybrid system for design rights – most other jurisdictions either operate under a “deposit” system or a substantive examination system.

It may be the case that for some applicants this hybrid system is leading to uncertainty about design protection. While this change would potentially lead to increased costs for designers (as they will have to pay for substantive examination) it remains an issue that is worth further consideration – especially given the feedback received through this research phase about the confusion people experience. Our information updates and public education and awareness activities will also help to reduce confusion regarding the application process. We will continue to explore the issue, consult with those who register design rights, and evaluate our entire suite of reforms to strengthen our evidence base.

Conclusion

The review process has provided invaluable insights for IP Australia as we work to reform the design right. We sought to better understand the role that IP can play in the wider design ecosystem; this necessitated a holistic perspective. Other reviews have helped to shed light into the design rights system itself, and the boundaries of that system. Our review has confirmed many of the challenges raised in those prior reviews in both the registered design right system *and* on the boundaries (the designs/copyright overlap remains a source of confusion for many, and was identified in our review as an issue requiring further attention over the long term).³⁶ Our broad research has also captured, and allowed us to share, findings and insights outside the boundaries of the design right, and that therefore go beyond IP Australia’s role as the administrator of design rights, patents, trade marks, and plant breeder’s rights in Australia. The published reports from our review are available on our website, and we will continue working to further explore our findings and discuss them with the design community.

When thinking about the challenges uncovered in our research, a word which ties them all together is *access*. Accessibility challenges from different perspectives are evident in many of our research findings – for example, access to the design rights system itself, access to personalised advice about

design protection and commercialisation; access to justice in situations where copying is believed to have occurred, and access to good design and products in the Australian market at a price that consumers are willing and able to pay. For many in the design community, the true value of design and any competitive advantage lies *beyond* what a final product looks like, and therefore what design rights currently protect. Answers to some of these challenges – particularly around copying and enforcement – lie outside the design rights system. IP Australia will continue to explore this with industry and help clarify the role that design rights can play in the bigger picture. To make sure those findings that are beyond our remit do not get overlooked or forgotten, we will continue to engage with industry and across government so that relevant solutions can be identified and implemented by those that are best able to do so.

Issues of access that we identified have helped us to shape the reforms we are currently prioritising. Trouble in accessing the online filing system has been a barrier for many, effectively acting as a barrier to design protection itself. Trouble accessing the right information has been a barrier for those trying to make informed decisions about how they can best use the design right as part of a competitive strategy to protect their ideas and grow their business. By ensuring our information is up to date and placing design information in business and commercialisation education materials across government and within industry, we are working to improve access to information. More broadly, our research has shown that many people do not have access to design protection because of the nature of their design process, or the kind of products they design. Legislative changes that are in process (including introducing a grace period) will help designers in the short term, and we are continuing to investigate the scope of the right over the longer term so that we can answer the question: *who should the registered design rights system be working for?*

Our review gave us positive insights that showed design rights working for a small segment of the population, within traditional industries. But in a progressive economy with advancing technology and changing needs, we will continue to investigate what role design rights can and should play as we seek to provide opportunities for businesses to benefit from good ideas.

Redesigning Designs: The Future of Design Protection in Australia

- 1 Assistant Director, Designs Reform Project, IP Australia.
- 2 Assistant Director, Designs Reform Project, IP Australia. We appreciate all the generous feedback we received whilst drafting this article. Sincere thanks to Michael Schwager (Director General, IP Australia); our Project Board: Paula Adamson (General Manager, Trade Marks and Designs Group); Benjamin Mitra-Kahn (Chief Economist and General Manager, Policy and Governance Group); Gemma Smith (General Manager, People and Communication Group); Graeme Jones (A/g CIO and General Manager, Innovation and Technology Group); Kieran Sloan (Deputy CFO and Assistant General Manager, Financial Management Office); and our Project Manager: Ramila Clugston (Assistant General Manager, Design Reform Project).
- 3 See Explanatory Memorandum, *Intellectual Property Laws Amendment (Raising the Bar) Bill 2011* (Cth) 8 <http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/cth/bill/cm/iplatbb20112012527/memo_0.html>.
- 4 Australian Law Reform Commission, *Designs* (Report no. 74, 1995) 3.2 <<http://www.austlii.edu.au/au/other/lawreform/ALRC/1995/74.html#3fnB1>>.
- 5 This included a review of the Designs Act by the Advisory Council on Intellectual Property (“ACIP”) from 2012 to 2015. Several of the recommendations from that review were accepted by the Australian Government and are included as part of the Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020 and the *Designs Amendment (Advisory Council on Intellectual Property Response) Regulations 2020*. See ACIP, *Review of the Designs System* (Final Report, March 2015) <https://www.ipaustralia.gov.au/sites/default/files/acip_designs_final_report.pdf> (“ACIP Review”). For the Government response see <https://www.ipaustralia.gov.au/sites/default/files/government_response_-_acip_designs_review_-_final_pdf.pdf>. The Productivity Commission reviewed the entire IP system between 2015 and 2016. Several areas relevant to the design right were highlighted for further consideration, such as continuing to build the evidence base for virtual (or non-physical) designs, so that the designs system can adapt to emerging technology. There were also concerns raised in that review about the limited understanding and knowledge of the design rights system within the design community. See Productivity Commission, *Intellectual Property Arrangements* (Report No. 78, 23 September 2016) ch. 11 <<https://www.pc.gov.au/inquiries/completed/intellectual-property/report/intellectual-property.pdf>> (“PC Review”).
- 6 IP Australia undertook a research project with IPRIA in late 2018 which provided quantitative evidence not available at the time of the ACIP Review. The findings indicated Australia is lagging other countries in both relative use of the registered design system and relative design employment. The findings further suggested that Australia’s design economy is productive: Australia is close to the expected level of design IP intensity given its design labour intensity. However, based on 2011–16 data, Australia lags its competitors both in the rate at which our design labour force is growing and in our rate of increase in design IP generation. This was a critical piece of work that enabled IP Australia to survey the landscape and gain some understanding of where Australia was standing relative to other countries. See M Falk, *Designs Law and Practice: Design Within Australia and How Australia Compares with its International Peers* (IP Australia Economic Research Paper 08, 2019) <www.ipaustralia.gov.au/sites/default/files/reports_publications/designs_law_and_practice_0.pdf>.
- 7 There were growing calls for change from the design community and attorney profession, either directly or through the media. These included diverse issues such as Australian designers’ ability to access international markets: see, eg, Mark Pullen, ‘Registered Designs’, *Watermark* (Web Page, 9 June 2016) <<https://www.watermark.com.au/registered-designs/>>; protections for virtual technologies, see, e.g., Mark Williams, ‘A (non-physical) apple spoils the bunch? A potted history of non-physical designs in Australia’, *Phillips Ormonde Fitzpatrick* (Blog Post, 27 November 2017) <<https://www.pof.com.au/non-physical-apple-spoils-bunch-potted-history-non-physical-designs-australia/>> and design copying and replica furniture, e.g. Cathy Pryor, ‘Is it time to redesign the law around ‘replica’ furniture?’, *ABC* (Web Page, 16 February 2015) <<https://www.abc.net.au/radionational/programs/blueprintforliving/is-it-time-to-redesign-the-law-around-replica-furniture/6072198>>; Kylie Pappalardo and Karnika Bansal ‘Explainer: can you copyright furniture?’, *The Conversation* (Web Page, 4 September 2018) <<https://theconversation.com/explainer-can-you-copyright-furniture-100336>>; Amy Bainbridge and Mark Doman, ‘Online “pirates” ripping off Australian designers, prompting calls for “urgent” law update’, *ABC* (Web Page, 9 August 2016) <<https://www.abc.net.au/news/2016-08-08/online-pirates-ripping-off-australian-designs-from-instagram/7586664>>.
- 8 PC Review 78.
- 9 PC Review 87.
- 10 Our research was ultimately collated into five reports. The first report set the context for our research, provided our definition of design, outlined some of the primary motivations to protect designs, and calculated design’s contribution to the Australian economy. See IP Australia, *Defining Design: Design’s Role in the Australian Economy* (Report, 2020) <https://www.ipaustralia.gov.au/sites/default/files/protecting_design_ip_australia_report.pdf>. The second report summarised the insights and experiences of members of the design community learned through our qualitative research. See IP Australia, *Talking Design: Views from Australia’s Visual Design Ecosystem* (Report, 2020) <https://www.ipaustralia.gov.au/sites/default/files/talking_design_ip_australia_report.pdf> (“*Talking design*”). The third report summarised the results from an economic study into whether Australia’s design rights system has provided incentives for Australian businesses to invest in design. See IP Australia, *Valuing Designs: The Economic Impact of Design Rights in Australia* (Report, 2020) <https://www.ipaustralia.gov.au/sites/default/files/valuing_design_ip_australia_report.pdf> (“*Valuing designs*”). The full economic report was also published. See Trevor Kollmann, Achinthya Koswatta, Alfons Palangkaraya and Elizabeth Webster, *The Impact of Design Rights on Australian Firms* (IP Australia Economic Research Paper Series 09, 2020). Finally, we also published a report analysing the experiences of Australian businesses turning ideas into products, their methods and motives for protecting designs and their encounters with copying. See IP Australia, *Protecting Designs: Design Innovation, Copying and Enforcement in Australia* (Report, 2020) <https://www.ipaustralia.gov.au/sites/default/files/protecting_design_ip_australia_report.pdf> (“*Protecting designs*”).
- 11 *Talking design* 24.
- 12 *Protecting designs* 4. <https://www.ipaustralia.gov.au/sites/default/files/protecting_design_ip_australia_report.pdf>.
- 13 Two legislative changes that were considered in that study were term of protection and unregistered design protection. Under the Designs Act, the term of protection for designs was reduced to 10 years. Were Australia to consider acceding to the Hague System, this would require that the term of protection be extended to 15 years. Evidence in favour of joining has been otherwise mixed (see, e.g., our public consultation on the costs and benefits of joining the Hague: <<https://www.ipaustralia.gov.au/about-us/public-consultations/ip-australias-response-public-consultation-hague-agreement>>) and was rarely raised by interviewees in our qualitative research. The other legislative change considered in the economic analysis was unregistered protection. This was analysed by proxy through considering the loss of unregistered protection in the form of copyright for two-dimensional designs. “Neither change [term of protection, nor loss of unregistered protection] affected productivity or the level of design rights use, including in the textile, clothing and footwear industry, which is said to have depended on unregistered protection for designs.” See Trevor Kollmann, Achinthya Koswatta, Alfons Palangkaraya and Elizabeth Webster, *The Impact of Design Rights on Australian Firms* (IP Australia Economic Research Paper Series 09, 2020) ch. 7.
- 14 See IP Australia, *Australian Intellectual Property Report 2020* (Report, 2020) ch. 7.
- 15 *Talking design* 13.
- 16 This is an issue that both the previous PC and ACIP reviews also uncovered. See PC Review 342; Advisory Council on Intellectual Property, *Review of the Designs System* (Options Paper, December 2014) <<https://www.ipaustralia.gov.au/sites/default/files/options-paper-for-the-review-of-the-designs-system.pdf>> 27.
- 17 *Talking design* 9.
- 18 *Protecting designs* 10.
- 19 *Talking design* 13.
- 20 *Talking design* 13.
- 21 PC Review 366–7.
- 22 *Valuing designs* 7.
- 23 *Valuing designs* 9.
- 24 *Valuing designs* 12.

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- 25 *Protecting designs* 12.
- 26 *Valuing designs* 5.
- 27 *Valuing designs* 7.
- 28 *Protecting designs* 9.
- 29 *Protecting designs* 9.
- 30 For a recent discussion of issues specific to fashion houses and IP protection, including the benefits and drawbacks of unregistered design protection for fashion, see Violet Atkinson, William van Caenegem, 2019, 'The Fashion Sector: Copyright, Designs or Unfair Competition?' (2019) 14(3) *Journal of Intellectual Property Law and Practice*, 214.
- 31 *Talking design* 12.
- 32 See for example, PC Review ch. 11, ACIP Review s.2.5.
- 33 *Protecting designs* 9.
- 34 There also remain questions around how to best introduce protection for virtual designs: one option would be standalone protection of virtual designs by including virtual designs in the definition of a product. However, protection requiring a link to physical products may introduce problems for enforcement and would be irrelevant for certain virtual designs (such as virtual/augmented reality or holograms). If virtual designs were protected as standalone products, this would require an exception to the current rule that a design must relate to a "product", as the virtual design would be a product in itself. This would therefore require an *expansion of the current definition of designs*, which would be an extensive process. Whilst virtual designs cannot be certified and enforced despite remaining on the designs register, introducing virtual design protection is likely to increase complexity for businesses to determine their freedom to operate and / or challenge the validity of relevant designs. We will continue to build the evidence base and continue consulting widely to ensure all factors are balanced and taken into consideration.
- 35 *Designs Act 2003* (Cth), s.5.
- 36 The interface between copyright and designs has been called "[o]ne of the most troublesome areas in the entire field of intellectual property." See Andrew Stewart, William van Caenegem, Judith Bannister, Adam Liberman and Charles Lawson, *Intellectual Property in Australia* (Lexis Nexis, 6th ed, 2018) 213. When the ALRC reviewed the design system in 1995, they found that there was an "unacceptable degree of confusion" that surrounded the overlap between designs and copyright (ALRC, 1995, s.17.3). Ten years on from the ALRC review, ACIP found that the copyright/designs overlap remained "contentious" and "unsatisfactory" (ACIP 2015, 33). For a history of the development of copyright and design legislation see Isabelle Alexander, 'The Copyright/Design Interface in Australia' in Estelle Declaye (ed), *The Copyright/Design Interface: Past, Present and Future* (Cambridge University Press, 2018). For articles suggesting modest changes, see: Jani McCutcheon, 'Too Many Stitches in Time? The Polo Lauren Case, Non-infringing Accessories and the Copyright/Design Overlap Defence' (2009) 20(1) *Australian Intellectual Property Journal* 39; Janice Luck, 'Section 18 of the Designs Act 2003: The Neglected Copyright/Design Overlap Provision' (2013) 23 *Australian Intellectual Property Journal* 68; Eugenia Georgiades, 'Closing the Gap Between Copyright and Designs: An Age of Enlightenment or State of Confusion?' (2013) 22(1) *Information & Communications Technology Law* 45.



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