

## Paper 1

### ACIP recommendation 10

ACIP Recommendation	Option 1	Option 2	Option 3
<p><b>10</b> Retain the requirement of distinctiveness and section 19 of the Designs Act in its current form.</p> <p>ACIP noted the Law Council of Australia IP Committee's suggestion to clarify section 19 to provide more guidance and recommended IP Australia consider the LCA's suggested revisions to:</p> <ul style="list-style-type: none"> <li>• Standard of informed user</li> </ul>	No change	Clarify identity of the 'informed user', who needs only to be familiar with the product or similar products, and does not have to be an actual user of said products (current Australian approach)	Revise to specify the standard of the informed user must be a user of the product.  (Previous approach taken by Australian courts, where guidance was based on European and UK case law)
<ul style="list-style-type: none"> <li>• Clarify how various factors in section 19 are weighed or assessed</li> </ul>	No change	Clarify how various factors in section 19 are weighed or assessed.	-
<ul style="list-style-type: none"> <li>• Amend the use of the Statement of Newness and Distinctiveness (SoND)</li> </ul>	No change	Make the SoND mandatory	Remove the use of the SoND

10a) FICPI Australia agrees the standard of the "informed user" has evolved over time in Australia as set out in recent Federal Court decisions. As such, some clarification of the informed user may be beneficial to users of the design system.

FICPI Australia considers option 2 may be desirable, with a suitable amendment to clarify an "informed person" or similar.

10b) FICPI Australia considers that there could be benefits to clarifying how certain factors in section 19 are weighed or assessed. This is in part due to the term "*having particular regard to those features*" Section 19(2)(b).

Another issue concerns the term "quality" in section 19(2)(c), which is ambiguous and arguably difficult to interpret in this context.

10c) FICPI Australia is of the view that the Statement of Newness and Distinctiveness (SOND) should **not** be mandatory, at least in the present form. This is because the applicant may not know with certainty which features are in fact new and distinctive at the time of filing. However, FICPI Australia supports the view that the SOND should be able to be added and/or amended, for example during post grant examination (noting that patent claims can be amended during examination, once the state of the prior art is better understood, for example, by narrowing the claims).

In particular, the 2003 Act requires more weight to be given to similarities with the prior art, but that where a statement of newness and distinctiveness identifies certain features, particular regard must be given to those features. It is entirely possible that at the time of filing an applicant considers a certain sub group of features to be new and distinctive and these are included in an appropriately worded statement, only to find out during

examination of the prior art base that this is factually incorrect, and that the new and distinctive elements actually reside in a further narrower subset or completely different or overlapping set of features. If the statement is intended to do no more than identify the new aspects for comparison with the prior art base, then (a) a registration without a statement should be identical in scope and effect to one with a statement, as the differences are simply a matter of fact; and, (b) if factually incorrect, surely amendment should be possible as is the situation with patents.

**C1. Given the concerns raised by the LCA IP Committee, and the preceding discussion, do you see a need to clarify certain elements of section 19.**

Possible clarification of "informed user" and "having particular regard" should be considered. With respect to the "informed user" it would be useful to align with current judicial interpretation in the Multisteps decision that clarifies the informed user need only be familiar with relevant products and need not be an actual user of the products. While guidance or clarification of how various factors in Section 19 are weighed and assessed would ultimately be desirable, if this is not done carefully it could unintentionally create more problems.

**C2. How do you see the suggested changes to the use of the SoND (Options 2 and 3) impacting on the administrative burden of applicants?**

THE SOND being compulsory would be an administrative burden for some applicants, such as self-represented applicants.

**C3. If protection for partial designs was introduced, how do you see this impacting on the operation of subsection 19(2)? Would the introduction of partial designs cause the SoND to be redundant?**

If partial designs could be protected, that may reduce the advantages provided by including a SoND in some scenarios. However, it would not render the SoND redundant, as it can still usefully be used to distinguish between pattern and ornamentation and shape/configuration.

**C4. If protection for partial designs was introduced, do you see any problems in retaining the expression 'design as whole' as it appears in subparagraph 19(2)(b)(ii), paragraph 19(2)(c), and subsection 19(3)?**

Not specifically – presumably various changes would be needed to the legislation to permit partial designs to be protected. Furthermore, it has already been recognised that the "design as a whole" need not refer to the entire product as a whole.

**C5. If protection for partial designs was introduced, how would you see this impacting on the definition of 'product' as it currently appears in subsection 19(4)?**

The definition of product would require updating, and such amendment could be made also with a view to registration of virtual designs.

<p><b>13</b> Retain the current requirement that protection relates to the visual appearance of a (whole) product. Consider whether allowing partial product registrations would enhance harmonisation of application requirements in a way that would substantially advantage Australian applicants.</p>	<p>No change</p>	<p>Protection for partial designs extends to <i>similar</i> products</p>	<p>Protection for partial designs extends to <i>any</i> product</p>
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Given that the Designs Act 2003 does not permit an applicant to explicitly disclaim portions of a design, and given that “more weight is to be given to similarities between the designs than to differences”, it can be difficult for applicants to focus their protection upon the salient features of a design in some instances. This was highlighted in the Multisteps case<sup>1</sup> in which the Court made it clear that features shown in broken lines cannot be disregarded. As such, applicants should have a mechanism available to them for protecting parts of a product.

Furthermore, many applicants have product ranges that have common features that are important to the brand identification. These same applicants often come up with significant design innovations relating to a portion or part of their products. However, the need to register the design in respect of the whole product dilutes the new features and may prevent adequate protection for the significant innovation.

Furthermore, the Australian legislation does not readily enable protection for related embodiments in the same application (in contrast to Europe for example), and as such, the cost of filing numerous separate applications for a range of related designs is cost prohibitive for the majority of Australian registered design applicants.

FICPI Australia supports the position that partial designs should be protectable.

FICPI Australia supports the position that partial designs should extend to similar products as per option 2 (e.g. handles for household goods). If limited by similar products, which would fall within the same classification, any clearance searching would be the same as is currently the case and any validity searching would actually be easier as you would not need to search all designs in all classifications. Accordingly, difficulties and costs would be reduced overall and appropriately significant innovations to parts of particular types of products would be justly protectable.

FICPI Australia also suggests that if the designs are limited to similar products, the prior art base should similarly be limited as is the case in Japan. This would also make third party validity assessments easier and less expensive.

**P1. Do you consider that Australia’s approach to partial designs should be reformed? Why or why not?**

Yes – as discussed above.

<sup>1</sup> Multisteps Pty Limited v Source and Sell Pty Limited [2013] FCA 743

**P2. What is your preferred option, and do you see any additional options for addressing the problem?**

Option 2. Preferably with a similar restriction to the prior art base as proposed elsewhere.

**P3. Has someone ever copied a part of your design and if so, can you describe your experiences**

N/A

**P4. In relation to partial designs have you found claiming priority from an overseas application problematic in Australia, and if so, can you describe your experiences?**

Yes – partial designs are permissible in the IP systems of many of Australia’s largest trading partners, and European and US applicants and attorneys often grapple with inconsistencies between their law and ours, for example, with respect to features depicted on phantom line type not being explicitly disclaimed.

**P5. Have you found claiming priority from an Australian application problematic when seeking partial protection overseas, and if so, can you describe your experiences**

Yes – this can be problematic. For example, an Australian design registration having features shown in phantom line may in practice provide a very different scope of protection when compared to a subsequently filed US convention application having the same drawings. Additionally, it may be necessary for Australian applicants to include multiple sets of drawings in the priority application to meet the different requirements of different jurisdictions, which adds to the costs.

**P6. Are you aware of additional costs and benefits that have not been identified in this paper? If so, please provide further detail**

No.

<p><b>14</b> Reconsider the treatment of virtual or non-physical designs, for example by allowing consideration of the product in its active state, not just its resting state, when considering validity</p>	<p>No change</p>	<p>Protect virtual designs as a visual feature of a product, i.e. protection is tied to a physical product</p>	<p>Protect virtual designs as a standalone product, i.e. protection is not tied to a physical product</p>
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FICPI Australia believes that virtual designs should be protectable in Australia. This is consistent with the view of FICPI International as set out in FICPI Congress Resolution of 8 June 2018 **attached** which relates to Harmonised approach for the protection of GUIs and Icons as well as a FICPI International Resolution of 4 April 2019 **attached** which explicitly addresses virtual designs.

In the fast moving digital era, there is massive intellectual capital in virtual designs which are not protectable in Australia by design registrations or other means. Particularly important for local applicants who need to ward-off competitors and build reputation locally before expanding to other markets. Overseas companies that cannot register in AU are less

disadvantaged, as Australia is likely one of their smaller markets and a reputation has already been established off-shore in jurisdictions where they were able to get protection and keep their competitors at bay.

GUIs, and animations are considered to be registrable in other jurisdictions such as in the United States using design patents, where filing numbers for these newer design types are increasing rapidly. In order to achieve better harmonisation of international design laws across major jurisdictions, and in order to provide protection to designers/developers in these evolving areas of significant research and development, FICPI Australia believes that non-physical designs should be registrable. This position is also supported by the fact that the Locarno Classification includes a class for GUIs.

FICPI Australia does not believe the Designs Act 2003 provides clear and unambiguous protection for GUIs (or 3D printing). In order to protect such new technologies, changes to the Designs Act 2003 may be required such as amending the definition of "Product" in Section 6 and/or "Visual Feature" in Section 7, and Registrable Design" in Sections 5 and 15.

**V1. What is your preferred option, and do you see any additional options for addressing the problem**

FICPI Australia's preference is option 3. Option 2 might also be acceptable.

**V2. Should protection for virtual designs be linked to a physical product? Why or why not?**

No - as virtual designs by definition are not linked to a physical product.

**V3. What types of virtual designs should or shouldn't be protected? E.g. (computer programs and/or other types of virtual designs such as fonts, holograms, animations etc.)**

Possible exclusion of computer programs is consistent with the EU.

**V4. Do you consider that other existing forms of IP protection (such as copyright or trade mark protection) are sufficient for protection of virtual designs in Australia? Why or why not?**

No. Trade mark protection only provides protection against unauthorised use "as a trade mark" which will rarely be the case, and copyright will not apply to designs that are not two-dimensional images. Furthermore, copyright infringement is difficult and expensive to prove.

**V5. Would partial design protection need to be provided as well to protect virtual designs effectively? Why or why not?**

This depends on how the Designs Act is amended. FICPI Australia would wish to consider any proposed changes and only then be able to provide meaningful feedback.

**V6. Are you aware of additional costs and benefits that have not been identified in this paper? If so, please provide further detail.**

No

**Paper 2**

5 Remove the option of the publication regime (i.e. without registration) from the designs process.

No change

Remove the option of publication without registration

FICPI Australia is not strongly opposed to removal of the “publication without registration” route. Anecdotal evidence suggests that this path is rarely pursued (deliberately) and the option may be confusing to some unsophisticated users of the design system, such as self-represented applicants. Furthermore, there are other avenues that could be taken outside the design registration system to achieve a publication.

9 Automatic publication should apply at six months after the filing date, with the possibility to request publication earlier if desired, and the innocent infringer defence in subsection 75(2) of the *Designs Act 2003* should be amended.

No change

Introduce optional deferred publication with a maximum deferment period of six months from the priority date of the design, with amendments to the innocent infringer defence

Introduce automatic publication with optional early publication. All designs disclosed in a design application would be open to public inspection at six months from the priority date. The innocent infringer defence would be amended.

FICPI Australia believes that “deferment of publication” is a desirable provision that should be available for the creators of new designs.

However, it is acknowledged that a long deferment of publication option could make third party clearance assessments more difficult in circumstances invoking a grace period. Accordingly, FICPI Australia believes the cumulative effect of the sum of the term of a grace period and available period of deferment of publication, and innocent infringer defence provisions need to be taken into account when considering what an acceptable period of uncertainty is for third parties.

FICPI Australia supports option 2 – optional deferred publication for up to 6 months from the filing date.

### Questions:

**A. should Australia adopt an optional deferred publication or fixed publication regime?**

Yes – optional deferred publication.

**B. how long should the period of deferment last?**

Six (6) months.

**C. should the period of deferment be calculated from the priority date or the filing date?**

Filing date.

**12** Introduce 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.

No change

Introduce six-month grace period with a prior use infringement exemption.

Introduce 12-month grace period with a prior use infringement exemption.

On balance FICPI Australia supports the introduction of a design grace period and believes it will be of benefit to existing users and potential users of the Australian registered designs system. In this regard it will provide local consistency with grace period provisions for patents and international consistency with at least those other countries having similar provisions under their registered designs regimes. While there are downsides with any grace period provisions, in that unsophisticated local users of the system may, by relying on those provisions, forego the opportunity to obtain valid protection in jurisdictions that don't have corresponding provisions, having a grace period for patents but not designs is more likely to provide confusion to local designers. Currently, functional innovations that are protectable by patents have an unfair advantage over design creations that may be equally as valuable commercially, but not constitute patentable subject matter. Providing a grace period for designs that aligns with that for patents would address this imbalance.

From a public interest perspective, there is already a period of uncertainty with standard patent applications which have a 12 month grace period and, even after filing, are not then published for eighteen months. Accepting this, FICPI Australia believes the public interest effect can be managed by controlling the duration of the grace period and any deferred publication provisions.

Twelve months has proven long enough with Australian patent applications, provides consistency with the patent regime and the design regime of major trading partners, and yet not so long that it drags out the period of uncertainty before local and international rights have been applied for.

A corresponding prior use infringement exemption should also be provided.



## Paper 3

### Modernise Schedule 2 of the *Designs Regulations 2004*

#### Option 1

Schedule 2 of the Design Regulations would be amended to update outdated terminology, such as those referring to paper filing practices.

#### Option 2

Schedule 2 will be removed from the Designs Regulations and formal requirements would be set out in a non-legislative instrument to be made by the Registrar of Designs.

### Question

FICPI Australia does not foresee any unintended consequences of proceeding with preferred option 2.

### ACIP Recommendation 4:

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

#### Option 1

Introduce 'uncertified design' terminology

#### Option 2

Introduce 'uncertified design' and 'certified design' terminology

FICPI Australia supports the changing of the terminology to make it clear that an application which has only undergone and passed the formalities inspection does not confer enforceable rights.

While preferred option 2 would work and make sense to those familiar with the system, "certified" is not a term that would be well understood by the lay person and could even be taken to imply an unofficial design or a level of failure to meet requirements, when all it means is "unexamined". None of the suggested terms seem ideal, and FICPI Australia is not sure there is one, but essentially the first stage simply supports a claim to a design that is really no more than an application. As such the "Unexamined registered Design" and "Examined registered Design".

### Questions

A. During the ACIP Designs Review, interested parties advised that the terminology in the Designs Act causes confusion as to the status of a registered design. Is this your experience, either as a designer or IP professional?

Yes

B. Do you consider that the registered design terminology should be reformed?

Yes

C. Do you see any unintended consequences with the preferred option?



Possibly as discussed above.

D. Do you have an alternative preferred term for a registered design without certification?

“Unexamined registered Design” and “Examined registered Design”.

#### **ACIP Recommendation 18**

Amend the legislation as soon as practicable to address specific anomalies identified by stakeholders and listed by ACIP. These amendments would improve the operation and consistency of the Act and in some cases, consistency with other IP systems.

IP Australia seeks any views on these proposals, including their relative priorities, to help understand how and when they should be progressed.

### **Consultation Question 3A: Do you consider any of the following issues to be of high priority?**

FICPI Australia does not consider any of the issues (18a) to (18i) to be of high priority. Those of most interest and highest priority are considered to be the following:

#### **The opportunity to amend is broadened to allow for amendment other than to overcome a ground of revocation (18g)**

This is much needed as current provisions are very limited when compared with patents and trade marks provisions.

#### **Allow exclusive licensees to commence court proceedings (18h)**

This sub-recommendation is considered to be appropriate and would align with other Australian IP legislation.

#### **Align the grace period for renewal deadlines with other IP rights (18i)**

This recommendation is supported by FICPI Australia.

### **Other issues of concern to FICPI Australia**

#### **Term of design registration**

FICPI Australia is of the view that a maximum term in excess of 10 years, and more ideally of at least 15 years, would benefit Australia by providing a potential monopoly period that more closely aligns with a majority of its major trading partners. By setting a minimum of 15 years it will also align with the requirements under the Hague Agreement which will facilitate a smoother transition to this platform in the short or longer term should this proceed. Interestingly, Japan is about to increase the term from 20 to 25 years, so moving to at least 15 would still be moderate by international standards. FICPI Australia sees no downside to this increase from 10 to 15 years in real commercial terms, and considers the data provided in relation to the percentage of designs registered under the Designs Act 1906

renewed into the third term as being generally irrelevant to determining the quantum of an appropriate maximum term. In fact FICPI Australia believes such data actually serves to support the idea that providing for a longer maximum term *does not* imply a corresponding increased bar to competition across the spectrum that could be considered to be against public interest.

In this regard FICPI Australia believes the system is largely self-regulating. In fields where designs are constantly evolving in a gradual somewhat incremental manner, design registrations will only be renewed for the effective commercial life of the new design iteration/s. However, where quantum leaps are made, leading to what can become iconic designs in the field of application, ten years is simply too short, and an extended term of at least 15 years is considered entirely justified and needed to stimulate local efforts in achieving design excellence of this kind.

### **Clarifying priority application right**

FICPI Australia urges IP Australia to clarify that when assessing priority right, it is based on whether the subsequently filed design is substantially disclosed in the first application, not whether representations are identical. This is consistent with the FICPI International resolution of 4 April 2019 **attached** which recognises the potential dangers of different drawing conventions and requirements in different jurisdictions.