



**THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS
FICPI AUSTRALIA**

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BY EMAIL

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Sharon Thomas
Secretariat
Advisory Council on Intellectual Property
PO Box 200
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Dear Sharon

**ACIP Issues Paper
Review of the Designs System of September 2013**

On behalf of FICPI Australia, we make the following submissions in response to the ACIP issues paper of September 2013 entitled "Review of the Designs System". We appreciate the invitation made to FICPI Australia for submissions in relation to this important topic.

FICPI Australia

FICPI Australia is the National Association of the International Federation of Intellectual Property Attorneys (FICPI). Membership of FICPI Australia is restricted to patent and trade mark attorneys who have at least five year's experience in practice and who are proprietors of patent attorney businesses operating in Australia.

The International Federation of Intellectual Property Attorneys takes its membership from patent and trade mark attorneys in private practice from more than 85 countries. The organisation was founded in 1906.

Involvement to date

FICPI Australia has been actively involved over the last few years in working with ACIP and IP Australia, via participation in the IP Australia run Designs Consultation Group meetings, and subsequent meetings with ACIP committee members, to help identify areas of concern to the local profession and their clients.

The areas of concern set out in section 3 of the Issues Paper accurately reflects the majority of issues considered to be important to our clients.

General comments regarding these submissions

While FICPI Australia is happy to answer each of the discrete questions listed in the Issues Paper, it is worth noting that FICPI Australia considers many of the issues to be interrelated and/or to only address one part of a larger issue. Accordingly, to ensure that each discrete answer is taken in context, we have set out in our response to question 20 a summary of outcomes that FICPI Australia believes will enhance the Designs system. As will be seen, some of these

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outcomes will impact on a combination of areas addressed in the individual questions and/or provide a response to a question that is broader in scope than that posed within the Issues Paper.

Assistance with legislative changes

Following on from the general comments above, FICPI Australia would like to reiterate its offer to assist with suggesting and/or reviewing any legislative changes proposed to The Designs Act 2003 before they are enacted.

Response to questions raised

In response to the questions identified in the issues paper, we make the following submissions:

Q1. – Would Australia benefit from a designs system with a maximum term in excess of 10 years? Please explain why/why not.

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 (see also our comments in response to Question 11).

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 proposition that providing for a longer maximum term *does not* correlate to 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 each new design iteration. 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.

Q2. –Would a design grace period be of benefit to users and potential users? Why/why not?

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 design creators. 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 that may be introduced (see the answer to Questions 3 and 8 below).

Q3. - If a grace period were to be made available, how long should it be for?

FICPI Australia believes that a grace period of between 6-12 months would be appropriate, with 12 months being preferred for consistency with the grace period being provided for patents. This is based on the current designs regime and takes into account the fact that publication of designs currently occurs soon after filing.

Q4. - Should such a grace period be an alternative, or an addition to deferment of publication of the kind offered under the Hague System?

FICPI Australia believes that “grace periods” and “deferment of publication” are not equivalents or alternatives in any way, and that both are independently desirable provisions that should be provided for the creators of new designs.

However, it is acknowledged, as indicated in the answer to Question 3 above, that where both are provided, a long deferment of publication option could make third party clearance assessments more difficult in circumstances where the publication invoking the grace period was very low profile. Accordingly, FICPI Australia believes the cumulative effect of the sum of the term of a grace period and available period of deferment of publication needs to be taken into account when considering what is an acceptable period of uncertainty for third parties (see our response to Question 8).

Q5. – Is there confusion about the use of Statements of Newness and Distinctiveness?

Please explain how.

FICPI Australia believes there is confusion in relation to the purpose, use, and effectiveness of Statements of Newness and Distinctiveness (SOND). This is supported by:

- evidence of inappropriate rambling descriptive or operational statements provided by self-filers;
- the adoption of a very diverse range of practices by agents across the IP profession;
- by the fact that the IP Australia examiners manual for designs has been continuously redefining its position on these statements since the current provisions came into force; and
- the fact that a SOND *can* be amended post registration but have *no practical effect* on the registration

Further, while the ACIP report notes that the statement is not in itself a statement of claimed monopoly, the electronic register as viewed via the IP Australia ADDS database through which the public views design registrations, stores the statement under a tab entitled “**Monopoly**”.

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 had to those features. It is not at all clear what is meant by “particular regard”. 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. What then? 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 effective amendment should be possible during examination as is the situation with patents, where amendment to distinguish prior art raised during examination is not only allowable but essential. As noted above, amendment post registration is theoretically allowable subject to meeting defined criteria, but does not serve to alter the registration as defined on the register.

Unfortunately, there has been very little judicial consideration of the 2003 Act, and with the few cases that have been reported there has not been any clear consistency in interpretation of the meaning and effect of these forms of statements to date. For example in the first LED case¹, the reference in the SOND to the fact that the light cover did not include any fasteners visible from the exterior of the cover, was clearly instrumental in helping the registration to be deemed new and distinctive over the prior art and support a finding of infringement. By contrast, the Review case² had no SOND and depicted a dress with a strongly patterned material. However, without a SOND being present as part of the registration, the Court elected to disregard the pattern and ornamentation, and focus solely on the shape and configuration or “cut” of the dress when determining infringement. And, in the latest case of Multisteps Pty Ltd v Source and Sell Pty Limited³ the Court made it clear that features shown in broken lines cannot be disregarded, and as such the reference in the SOND excluding the features shown in broken lines had minimal effect.

FICPI Australia believes this area needs significant clarification, but more importantly, needs careful review in the context of a complete reassessment of the scope of protection that FICPI Australia believes should be attainable, particularly for those cases that relate to parts of products as is discussed in response to question 22. FICPI Australia also strongly believes that if the option of a SOND is to be maintained, it must be possible to add a SOND or amend an existing SOND during examination, as may be useful if it turns out to be factually incorrect due to prior art raised in an examination search. Further the amendment or addition must then form part of the effective definition of the design thereafter.

Q6. – The ALRC thought that such a Statement of Newness and Distinctiveness should not be mandatory. Do you agree? Please explain why.

FICPI Australia is of the view that these statements should not be mandatory, at least in their present form. This is because the applicant may not know with certainty which features are in fact new and distinctive, and it is unclear at this stage whether an incorrect statement could be more damaging or misleading than no statement at all. As noted in the response to Question 5, FICPI Australia also believes that it should be possible to add a SOND post registration and prior to certification and amend or delete, with effect, any SOND that may already be present on the record.

Q7. – Is a deferred publication process desirable? What are the potential advantages and disadvantages of permitting it?

FICPI Australia believes that a deferred publication process is highly desirable to users of the system, particularly since Australia moved to a two stage process, where the first stage to publication and registration occurs so soon after filing. In this regard, it is considered that designers should be entitled to a reasonable period of secrecy in preparation of a new product launch, and that innovations protectable only via designs legislation should not be disadvantaged compared with those protectable under the patent regime where a non-publication period of 18 months is known and accepted.

¹ LED Technologies Pty Ltd v Elecspeess Pty Ltd [2008] FCA 1941

² Review v Redberry [2008] FCA 1588

³ Multisteps Pty Limited v Source and Sell Pty Limited [2013] FCA 743

Q8 – How long should the period of deferment be?

As noted in response to Question 4, deferment of publication is considered by FICPI Australia to have independent merit to that associated with a grace period provision. However, it will be important to ensure the potential cumulative period where it may be difficult for third parties to search due to a combination of the two is not excessive and does not exceed the current equivalent period of uncertainty with patents which is 30 months (12 months grace period plus 18 months to publication from filing).

Q9. – What benefits and/or costs would there be for Australia if an Unregistered Design Right system were introduced?

FICPI Australia is not generally in support of an unregistered design right system on the basis that:

- Unsophisticated creators may assume they have automatic protection, unaware of the strict procedures and evidence usually required to establish that right (dated records, entitlement etc) and the fact that protection is usually limited to copying, and the fact that the costs for establishing and enforcing such rights are generally much higher than for registered rights; and
- Enhanced difficulties for third parties wanting to conduct freedom to operate searches prior to determining whether to develop and exploit a new product.

Q10. – Would an Unregistered Design Right system, if introduced into Australia, create confusion? If so, what measures might be appropriate to limit any such confusion?

Please see the two dot points above with regard to potential confusion for both owners of such rights and interested third parties. Generally, the only solution to reduce confusion would be to provide some form of register of unregistered rights which would be difficult and potentially costly to set up and monitor, particularly if the content is to be readily searchable.

Q11. – Would Australia benefit from acceding to the Hague System?

FICPI Australia believes that conceptually there could be benefits to all users of the system in terms of harmonisation efficiencies, but more information is required regarding requirements, potential limitations and likely actual costs etc before any formal support can be documented.

FICPI Australia has observed comments made at the 2013 FICPI Forum earlier this month in respect of potential risks in respect of using the Hague System for the US. While the implementing regulations had not been made available at the time of the seminar, it was noted that if drawings were filed that met the current Hague filing requirements which does not need shading on the drawings, and the USPTO subsequently required shading to be added during the US examination stage, the addition of the shading would be considered new matter and the priority date would be lost.

FICPI Australia would not be supporting use of the system, at least for certain jurisdictions, if it was confirmed there are risks of this kind inherent in use of the system for those jurisdictions.

In the meantime FICPI Australia notes that the current draft SCT provisions relating to harmonisation of filing requirements for Designs could provide many benefits should it be put into effect.

Q12. – Would Australia benefit from legislation changes to include designs in the Notice of Objection scheme? Please explain why/why not?

FICPI Australia fully supports legislative changes to include designs in the Notice of Objection border protection Scheme. In this regard, it is considered that, unlike patents, assessment of potential infringement of designs is not significantly different to that required with trade marks or

copyright. Given the proliferation of direct or close copy imports that come into the country under completely different branding, or which otherwise do not infringe any trade mark or copyright protection, this will be a valuable tool for Australian and foreign design owners. It will also align more closely with similar provisions in other regions such as Europe.

Q13. – Are the copyright/design overlap provisions operating satisfactorily? Please explain why/why not.

FICPI Australia believes the existing copyright/design overlap provisions are difficult to understand for professional advisors, let alone self filing applicants. There also seems to be some ambiguity with regards to what constitutes a work of artistic craftsmanship in relation to three dimensional products. Further, the deeming provisions regarding quantity for determining industrial application could warrant a review to take into account new production and pre-production techniques such as 3-D printing.

Q14. – Should there be restrictions in the *Trade Marks Act 1995* for registered designs? Please explain why/why not?

FICPI Australia strongly opposes any restrictions in securing rights under the Trade Marks Act for designs which have been registered. If a registered design has established itself as an indicator of trade origin, it is entirely appropriate that the proprietor of the registered design be able to register that shape as a trade mark.

Q15. – Have the changes to the threshold of registrability introduced with the *Designs Act 2003* provided greater differentiation between a new design and the prior art? Please explain how.

FICPI Australia believes that on the whole this is the case, although the degree of differentiation isn't yet clear given the high degree of variation of examination and hearing outcomes since the 2003 Act came into force and the very small number of cases that have had this issue considered by the Courts.

Under the 2003 Designs Act, when considering whether a design is substantially similar in overall impression to another design, "the person making the decision is to give more weight to similarities between the designs than to differences between them." Practically applied, this test means that a list of differences between the registration and a product that do not affect the overall visual appeal of the product will not suffice to avoid infringement when considering infringement, or alternatively invalidity when considering registrability. However, factors such as the closeness of the prior art and crowding in a given field have a bearing on how this is applied.

In the first case LED⁴, The Federal court stated that "...one measure by which infringement can be assessed is whether the difference in distinctiveness between the registered design and any previously known design is greater than the difference between the registered design and the allegedly infringing design." This approach has also been followed in other more recent decisions, such as the Multisteps⁵ case.

Q16. – Are the differences between registration, publication and certification under the *Designs Act 2003* clear? Should the multi-step process remain? Please explain why.

FICPI Australia believes that the differences between registration, publication and certification are conceptually clear from the view point of the professions advising in this field. However, there are concerns that the current form of the on-line filing process, as it relates to the multi-step process, is very likely to confuse self filing applicants and other less sophisticated users of the system.

⁴ LED Technologies Pty Ltd v Elecspeess Pty Ltd [2008] FCA 1941

⁵ Multisteps Pty Limited v Source and Sell Pty Limited [2013] FCA 743.

FICPI Australia has observed the fact that many local and foreign clients like the fact that examination need only be requested and paid for if and when the property needs to be enforced and on this basis believes at least a two stage process should be maintained.

Q17. – Is there a continuing need for publication (and the current regime of requesting registration or publication)? Please explain why?

FICPI Australia concedes that very few people utilise the publication option and the fact that there are numerous other ways to achieve the same goal. However, we do not see any downsides to having this option remaining. The upside is the fact that publications via the register are easy to search and are less likely to be archived than internet publications or the like.

Q18. – Is the *Designs Act 2003* able to deal with new technologies eg 3D printing and GUIs?

FICPI Australia does not believe the Designs Act 2003 provides clear and unambiguous protection for GUIs. 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. As a starting point reference could be had to the corresponding European provisions which already allow for GUIs and logos etc.

As to 3D printing, it appears that designs should protect against the final product produced by this process under the existing legislation. However, there may be a need for considering some form of new contributory infringement provisions to cover distribution of drawings/plans for producing an infringing product via a 3D printer process, as well as software defining the 3D product for use when making the product. This will enable design owners to take action against those providers rather than solely against multiple end users. However, please note that FICPI Australia has not considered this in detail at this stage.

Q19. – Should GUIs be registrable?

FICPI Australia believes that GUIs are very important and valuable design elements that are gaining increased value as technology advances and should be registrable as is the case in many other jurisdictions. This is also supported by the fact that the Locarno Classification includes a class for GUIs.

Please note that FICPI Australia also believes that other non-physical designs such as type fonts (in electronic form) and ICONs should also be registrable and that the issue of GUIs should not be considered separately from this broader category of non-physical designs such that any proposed amendments are as broad and future proof as possible to take account of emerging new technologies.

Q20. – Are there any new opportunities for enhancing the designs system?

FICPI Australia believes there are several ways in which the current designs system can be enhanced/updated:

1. Extend protection to **non-physical** designs such as GUIs, ICONs, fonts, animations etc
2. Extend protection to **parts of products** such as the bottom formation of a PET bottle or the front portion of a motor vehicle as is possible in the US,
3. Remove the **spare parts infringement exemption** from the legislation
4. Improve the system for handling multiple designs within an application **and subsequent registration in a cost effective manner**

5. Defer requirement for payment of fees for all additional designs in a multiple design application until the end of a deferred publication period

Our more detailed comments on each of these are as follows:

20.1 Non-physical designs

GUIs, fonts, 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 apparently 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. Please refer to our comments under Q18 above.

20.2 Parts of Products

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 recently highlighted in the Multisteps case⁶ in which the Court made it clear that features shown in broken lines cannot be disregarded.

Given that it is well accepted that a design can reside in a subset of visual features that define a portion of a product, FICPI Australia believes that applicants should have a mechanism available to them for protecting parts of a product.

20.3 Removal of spare parts infringement exemptions

FICPI Australia believes that the spare parts infringement exception of Section 72 is not an appropriate mechanism for the Australian Government to implement policy objectives of opening up the spare parts markets, and in particular with regard to automotive spare parts. FICPI Australia believes that spare parts pricing would be better policed via other regulatory bodies such as the ACCC, and other more relevant legislation.

20.4

The inability to protect multiple designs in a single application without unlocking any cost saving for each subsequent design is at odds with practice in other major jurisdictions.

FICPI Australia supports amendments to providing a sliding scale of application/registration costs which decreases with increasing number of designs included.

20.5

While a higher threshold test for registrability is desirable when coupled with a corresponding increase in scope of protection, it is a commercial reality that designs are often refined quite substantially during the final development and testing stages and even after launch. Designers are therefore faced with the dilemma of when to file, seeking a balance between securing an early priority date and ensuring the application adequately covers the final commercial form. If they file too early and the design changes prior to launch, they may either have to rely on protection which at the bounds of its monopoly only just covers that form, or need to file a new application which by definition has a scope narrowed by virtue of the earlier application.

⁶ Multisteps Pty Limited v Source and Sell Pty Limited [2013] FCA 743

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Similarly, when a new product is proposed, it is not uncommon to propose several embodiments, which will then be trialed to determine the best to proceed to market. Filing applications for all embodiments can be costly and the same issues can apply as set out above in terms of iterations of those embodiments.

Local applicants, in particular, would benefit from an improved system which allowed multiple designs to be filed in a single application for a fixed application cost, with registration fees per design payable just prior to registration, which would occur shortly after expiry of any requested deferred publication period. This would enable applicants to reserve a priority date for several designs with a view to only registering those still of interest at the end of the deferred publication period or letting them all lapse with or without publication. This would be equivalent to the current provisional patent application system where the application may in fact relate to several inventions, with fees per invention only payable at the point that divisional applications are filed.

A system of this kind would also be useful for the fashion industry and equivalent industries where numerous designs are proposed, the life of designs may be quite short, and it would be unclear at conception which designs may become key to that business.

Q21. – Are there any unintended consequences arising from its implementation to date?

FICPI Australia believes that a very important omission to the 2003 Act is any provision for an exclusive licensee to commence infringement proceedings. At present only the registered owner can bring an action based on the registered design.

Q22. – Do you have any other comments?

We consider that there would be merit in aligning the provisions concerning applicants and owners to those found in the Patents legislation. Under the Patents Act it is not necessary for the applicant to be entitled to grant at the time of filing, it must be right only by the time of grant. The inconsistent approach was highlighted recently in *Foster's Australia Limited v Cash's (Australia) Pty Ltd* [2013] FCA 257 where it was necessary for the Court to find that the applicant was acting as a constructive trustee in connection with various design filings. In the same case where a patent application was involved, no such issue arose because of the operation of s.15(1) of the Patents Act.

Yours sincerely



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FICPI Australia