

Response to public consultation:

Implementing accepted recommendations from the Advisory Council on Intellectual Property Review of the Designs System

May 2020



Introduction

From 31 October to 20 December 2019 IP Australia sought public views on proposals that would implement [accepted recommendations](#) from the former Advisory Council on Intellectual Property's (ACIP) [Review of the Designs System amongst other possible improvements](#).

The feedback from this consultation has helped inform which proposals are being progressed in the first phase of a broader package of [design initiatives](#) been undertaken by IP Australia. The first phase aims to deliver early benefits to designers while the second phase, the [Designs Review Project \(DRP\)](#), is a holistic review of the design ecosystem considering broad and longer-term reforms.

IP Australia received 22 submissions, including seven confidential submissions. Non-confidential submissions are published on the consultation page of IP Australia's website.

IP Australia has considered all submissions from the consultation and a summary of our response is below.

We appreciate the time that submitters have taken to consider these proposals and respond to us.

A summary of the next steps for these reforms is included.

1. Scope of design protection

Summary of Outcomes

*Colours provide an indication of stakeholder opinion: difference of preferred opinion (orange) and majority opinion (green).

Proposal	Options	No. in favour (submissions)
1.1 Protection of partial designs	Option 1 - No change	2 (of 20)
	Option 2 - Protect partial designs for similar products	8 (of 20)
	Option 3 - Protect partial designs for any products	10 (of 20)
1.2 Virtual, non-physical and active state designs	Option 1 - No change	2 (of 19)
	Option 2 - Protect virtual designs as a visual feature of a product (protection is tied to a product)	2 (of 19)
	Option 3 - Protect virtual designs independently by including them in the definition of product	7 (of 19)
	Protect virtual designs, but no preference between Options 2 and 3	8 (of 19)
1.3.1 Revise subsection 19(4) to clarify the standard of the informed user	Option 1 - No change	1 (of 9)
	Option 2 - Revise subsection 19(4) with reference to <i>Multisteps</i> approach	6 (of 9)
	Option 3 - Revise subsection 19(4) to specify that the informed user be a user of the product	2 (of 9)
1.3.2 Revise subsection 19(2) to clarify how the listed factors are weighed or assessed	Option 1 - No change	3 (of 6)
	Option 2 - Revise subsection 19(2) to clarify how the listed factors are to be weighed or assessed	3 (of 6)
1.3.3 Revise section 19 to require the use of a statement of newness and distinctiveness (SoND)	Option 1 - No change	6 (of 7)
	Option 2 - Revise section 19 to make a SoND compulsory	1 (of 7)
	Option 3 - Revise section 19 to remove reference to a SoND	0 (of 7)

1.1 Protection of partial designs - [ACIP Recommendation 13](#)

Under the *Designs Act 2003*, design protection relates to the overall visual appearance of a product. This proposal concerns introducing protection for a partial design. A partial design is a design right for a portion or portions of a whole product (excluding component parts of a complex product).

While most submissions favoured introducing protection for partial designs to protect ‘signature features’ of products, there was mixed support for protection to be limited to similar products versus protection for any product. Limited evidence for change was presented in submissions. Two submissions provided anecdotal evidence of specific examples of existing partial product designs that they considered should be protected. Submissions also acknowledged that the introduction of partial designs would raise search costs and limiting protection to similar products could leave gaps in protection.

IP Australia’s response

The current designs legislation relies on definitions that focus on the overall appearance of the whole product. Any change to the current definitions in the legislation to accommodate protection for partial designs would involve multiple and complex legislative changes.

IP Australia does not consider a case for legislative change has been made at this time. 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. Currently, there is limited consistency in the international approaches used for partial design protection. Therefore, further evidence and consultation prior to implementation in Australia would be required.

IP Australia will continue to consider protecting partial designs, noting that further consideration, evidence and consultation is required. In the meantime, this issue is on IP Australia’s policy register and further feedback or evidence can be provided via the policy register at any time.

1.2 Virtual, non-physical and active state designs - [ACIP Recommendation 14](#)

Virtual designs can include screen displays, graphical user interfaces (GUIs), or screen icons. This proposal aims to reduce the uncertainty about virtual design protection under the *Designs Act 2003*.

Most submitters favoured introducing protection for virtual designs. Roughly half of those who supported virtual design protection had no preference on how to implement the change. Seven submissions favoured standalone protection of virtual designs by including virtual designs in the definition of a product. Some submissions identified that protection requiring a link to physical products would make enforcement problematic and would be irrelevant for certain virtual designs (e.g. virtual/augmented reality or holograms). One submission provided specific examples of their existing virtual designs that they considered should be protected. Five submissions indicated that copyright law appears to be an inadequate form of protection for virtual designs.

IP Australia’s response

IP Australia is persuaded by the submissions that virtual designs would be better protected as standalone products. However, this would create an exception to the current rule that a design must relate to a ‘product’, as the virtual design would be a product in itself.

IP Australia does not consider a case for legislative change has been made at this stage. 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. IP Australia agrees that protection should not be linked to

physical products to remain technology neutral and inclusive of emerging technologies. Further evidence and consultation would be required before implementing this change to ensure all factors are balanced and taken into consideration.

IP Australia will continue to consider protecting virtual designs, noting that further consideration, evidence and consultation is required. In the meantime, this issue is on IP Australia's policy register and further feedback or evidence can be provided via the policy register at any time.

1.3 Clarify section 19 of the Designs Act - [ACIP Recommendation 10](#)

Three different elements of the current section 19 were consulted on: the standard of the informed user, the weighting of factors in subsection 19(2), and the use of a Statement of Newness and Distinctiveness (SoND).

1.3.1 Revise subsection 19(4) to clarify the standard of the informed user

Most submissions sought to enshrine the *Multisteps*¹ approach in s 19(4) of the *Designs Act 2003* to increase certainty in litigation and potentially reduce expert witness costs. Submissions noted that the *Multisteps* decision is already the preferred approach in the courts but amending s 19(4) to clarify this would eliminate doubts as to its correctness.

1.3.2 Revise subsection 19(2) to clarify how the listed factors are weighed or assessed

Overall, there were mixed views on whether subsection 19(2) should be revised or whether no change was more appropriate. Submissions provided limited evidence of a problem. Clarifying the factors may create more problems and may deprive examiners and judges the flexibility needed to resolve future cases.

1.3.3 Revise section 19 to require the use of a SoND

This proposal deals with the use of a SoND, and whether it should remain voluntary, be made compulsory or removed altogether. Most submissions favoured no change to the current practice. Some submissions noted that making use of a SoND compulsory would increase the regulatory burden on unrepresented applicants.

IP Australia's response

IP Australia is persuaded by the submissions that there would be a benefit to revising subsection 19(4) to clarify the standard of the informed user and enshrine the *Multisteps* approach to eliminate any doubts.

IP Australia will proceed with revising subsection 19(4) to clarify the standard of the informed user but considers that changes to other parts of section 19 of the *Designs Act 2003* are not required at this time.

¹ *Multisteps Pty Ltd v Source & Sell Pty Ltd* (2013) 309 ALR 83; [2013] FCA 743 at [63]

2. Early flexibility for designers

Summary of Outcomes

*Colours provide an indication of stakeholder opinion: majority opinion (green).

Proposal	Options	No. in favour (submissions)
2.1 Prior art grace period for designs and a prior use infringement exemption	Option 1 - No change	0 (of 22)
	Option 2 - Introduce a six month prior art grace period with a prior use infringement exemption	2 (of 22)
	Option 3 - Introduce a 12-month prior art grace period with a prior use infringement exemption	20 (of 22)
	Prior art grace period will apply by request	1 (of 15)
	Prior art grace period will apply automatically	14 (of 15)
	Prior art grace period starts on the filing date	8 (of 12)
	Prior art grace period starts on the priority date	4 (of 12)
	Introduce a prior use defence	7 (of 8)
	No support for a prior use defence	1 (of 8)
2.2 Deferred publication of designs	Option 1 - No change	2 (of 10)
	Option 2 - Introduce optional deferred publication	8 (of 10)
	Option 3 - Introduce automatic publication with optional early publication	0 (of 10)
2.3 Registration of designs - removal of publication option	Option 1 - No change	1 (of 6)
	Option 2 - Removal of publication option	5 (of 6)

2.1 Prior art grace period for designs and a prior use infringement exemption - [ACIP Recommendation 12](#)

Introducing a prior art grace period would protect designers who inadvertently publish their design before seeking legal protection. Submissions strongly supported an automatic 12-month grace period. Most submissions favoured a 12-month period to allow applicants to conduct product testing or to protect against inadvertent disclosures. In terms of determining when the grace period applies, many submissions preferred reference to the filing date for reasons of simplicity and alignment with patents. However, using

the filing date would be inconsistent with the draft Designs Law Treaty² and may be unfair to foreign applicants. Using the priority date avoids the situation where a foreign applicant may be denied protection because of a lack of knowledge of the Australian grace period system.

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*.

IP Australia's response

IP Australia will proceed with an automatic grace period of 12 months from the priority date with a prior use defence based on s119 of the *Patents Act 1990*.

2.2 Deferred publication of designs - [ACIP Recommendation 9](#)

This proposal allows a designer to keep their designs confidential until they are ready to launch in the market. While there was considerable support in submissions for introducing a deferred publication option, a similar effect can be achieved by removing the publication option and introducing automatic registration of the design after 6 months – see Proposal 2.3. An extended period of deferral, in combination with a 12 month prior art grace period (Proposal 2.1) and removing publication to automatically provide deferral for 6 months, could lead to an extended period of market uncertainty for 18 months. Introducing a deferral scheme would also require the complexity of a separate publication phase. IP Australia believes a longer period should not be introduced at this stage, given an automatic six-month period of deferment will be provided by removing the publication option under Proposal 2.3 and based on ACIP's consideration that six months would be appropriate. The draft Designs Law Treaty (DLT) also sets a minimum period of six months, as a way of striking a balance between the interest of applicants for secrecy and interest of other parties.³

IP Australia's response

IP Australia considers that introducing a deferral period for publication is not required with a related proposal to remove the publication option (Proposal 2.3) being strongly supported.

2.3 Registration of designs, removal of publication option - [ACIP Recommendations 5 and 9](#)

This proposal would simplify the registration process for designs, by eliminating the option to merely publish the design and making requests for registration automatic. There was strong support for eliminating the confusion surrounding the rarely used publication option. Many submissions supported the removal of the publication option at the registration stage. Since there are other viable methods for applicants to publish their design, the publication option is no longer necessary.

² Standing Committee on the Law of Trademarks, Industrials Designs and Geographical Indications, *Industrial Design Law and Practice – Draft Articles*, SCT/35/2, 25 February 2016 ([Draft Designs Law Treaty](#)), art 6

³ Standing Committee on the Law of Trademarks, Industrials Designs and Geographical Indications, *Industrial Design Law and Practice – Draft Regulations*, SCT/35/3, 25 February 2016 ([Draft Regulations](#)), Notes on Rule 6.

As this proposal also introduces automatic registration after six months from filing, most applicants are unlikely to request early registration. Consequently, third parties are likely to face an extended period of uncertainty of not knowing which designs would be subsequently registered. To balance the interests of third parties, it is necessary to provide protection for third parties by ensuring a design cannot be infringed between filing and registration.

Currently, an innocent infringer can receive relief if they were unaware a design was registered at the time of infringement and had taken all reasonable steps to ascertain if it was registered.⁴ However, use that occurs between the filing date and the date when the design was registered has been held to be ineligible.⁵ Correcting this anomaly⁶ would relieve competitors of the risk of infringing a design that they could not have found on the Register and align designs law with the policy for other IP rights.

IP Australia's response

IP Australia agrees that the publication option at the registration stage should be removed from the *Designs Act 2003* as there are other viable methods to publish a design. IP Australia also agrees that requests for registration be automatically made, after six months from filing the application.

IP Australia considers the risk of infringing a design by third parties should be mitigated by ensuring a design cannot be infringed between filing and registration (i.e. prior to publication), consistent with other IP rights.

⁴ S 75(2) of the *Designs Act 2003*

⁵ *Review Australia Pty Ltd v Innovative Lifestyle Investments Pty Ltd* (2008) 166 FCR 358; [2008] FCA 74 at [45]

⁶ Described by Jessup J as “a curiosity, if not an anomaly”; [2008] FCA 74 at [42]

3. Simplifying & clarifying the designs system

Summary of Outcomes

*Colours provide an indication of stakeholder opinion: difference of preferred opinion (orange) and majority opinion (green).

Proposal	Options	No. in favour (submissions)
3.1 Modernise Schedule 2 of the Designs Regulations	Option 1 - Amend Schedule 2 to the Designs Regulations to modernise formal requirements	0 (of 6)
	Option 2 - Replace Schedule 2 to the Designs Regulations with a non-legislative instrument specifying the formal requirements	6 (of 6)
3.2 Clarification of 'registered' and 'certified' designs	Option 1 - Introduce 'uncertified design' terminology	7 (of 11)
	Option 2 - Introduce 'uncertified design' and 'certified design' terminology	2 (of 11)
	Other option - No change	2 (of 11)
3.3 On-hold ACIP recommendations	None of the on-hold ACIP recommendations are high priority	2 (of 8)
	Identity of Convention applicants (18a)	5 (of 8)
	Different requirements for Convention Applicants (18b)	4 (of 8)
	Allow a court to refuse to revoke a design registration (18c)	5 (of 8)
	Allow revocation of a design registration at the time of proceedings (18d)	4 (of 8)
	Expand the prior art base to include all designs (18e)	2 (of 8)
	Allow revocation of a design registration on the basis of fraud during certification (18f)	3 (of 8)
	Allow amendments to a design registration for other grounds (18g)	4 (of 8)
	Allow exclusive licensees to commence court proceedings (18h)	6 (of 8)
	Align the grace period for renewal deadlines with other IP rights (18i)	5 (of 8)

3.1 Modernise Schedule 2 of the Designs Regulations

This proposal seeks to shift the formal requirements for design applications from the *Designs Regulations 2004* into a non-legislative instrument, permitting them to stay more up-to-date. All of the submissions received on this proposal were in strong support of an improvement to the processing of applications, which is consistent with other IP rights.

IP Australia's response

IP Australia agrees that the formal requirements in the *Designs Regulations 2004* should be moved to a non-legislative instrument to provide greater flexibility in the future.

3.2 Clarification of 'registered' and 'certified' designs – [ACIP Recommendation 4](#)

Research and feedback from submissions have indicated that there is some confusion around the meaning of 'registered' and 'certified' designs. These are terms that signify whether a design has passed a formality check and examination respectively. While most submissions favoured introducing the term 'uncertified design' for a registered design, they also noted that 'uncertified' could continue to be confusing and that any terminology change would not fully address problems with the system. Some submissions noted that there would be significant costs associated with any terminology change.

IP Australia's response

IP Australia will not progress this proposal at this stage. IP Australia will continue to monitor this issue and may consider non-legislative solutions to help address the problem. This includes further investigation by the Design Review Project, which is looking at broad and longer-term reforms.

IP Australia considers that the confusion caused by terminology reflects the system of registration without substantive examination, followed by optional certification. Terminology changes would only mitigate this complexity to a limited degree.

3.3 On-Hold ACIP recommendations – [ACIP Recommendation 18](#)

Recommendation 18 of ACIP's Final Report made a number of sub-recommendations to amend the *Designs Act 2003*. Eight submissions addressed these on hold ACIP recommendations. Of the recommendations discussed in the consultation paper, submissions primarily expressed interest in the following five proposals:

- Rec 18a Identity of Convention applicants
- Rec 18c Allow a court to refuse to revoke a design registration
- Rec 18f Allow revocation of a design registration on the basis of fraud during certification
- Rec 18h Allow exclusive licensees to commence court proceedings
- Rec 18i Align the grace period for renewal deadlines with other IP rights

IP Australia's response

IP Australia will progress the above five proposals. Remaining Recommendation 18 proposals will remain as a low priority on IP Australia's policy register.

Next steps and further information

We are currently developing an exposure draft of the legislation to implement the first phase of improvements to Australia's designs systems. IP Australia intends to release the draft legislation for public comment in the second half of 2020.

If you have any questions about this consultation, please email consultation@ipaustralia.gov.au.

You can subscribe to our [What's New mailing list](#) to stay up to date as our work progresses.

We always want to hear from you. If you have any input on issues not covered by this consultation, please let us know via our [policy register](#), which details the issues we are considering or working on for policy or legislative action.