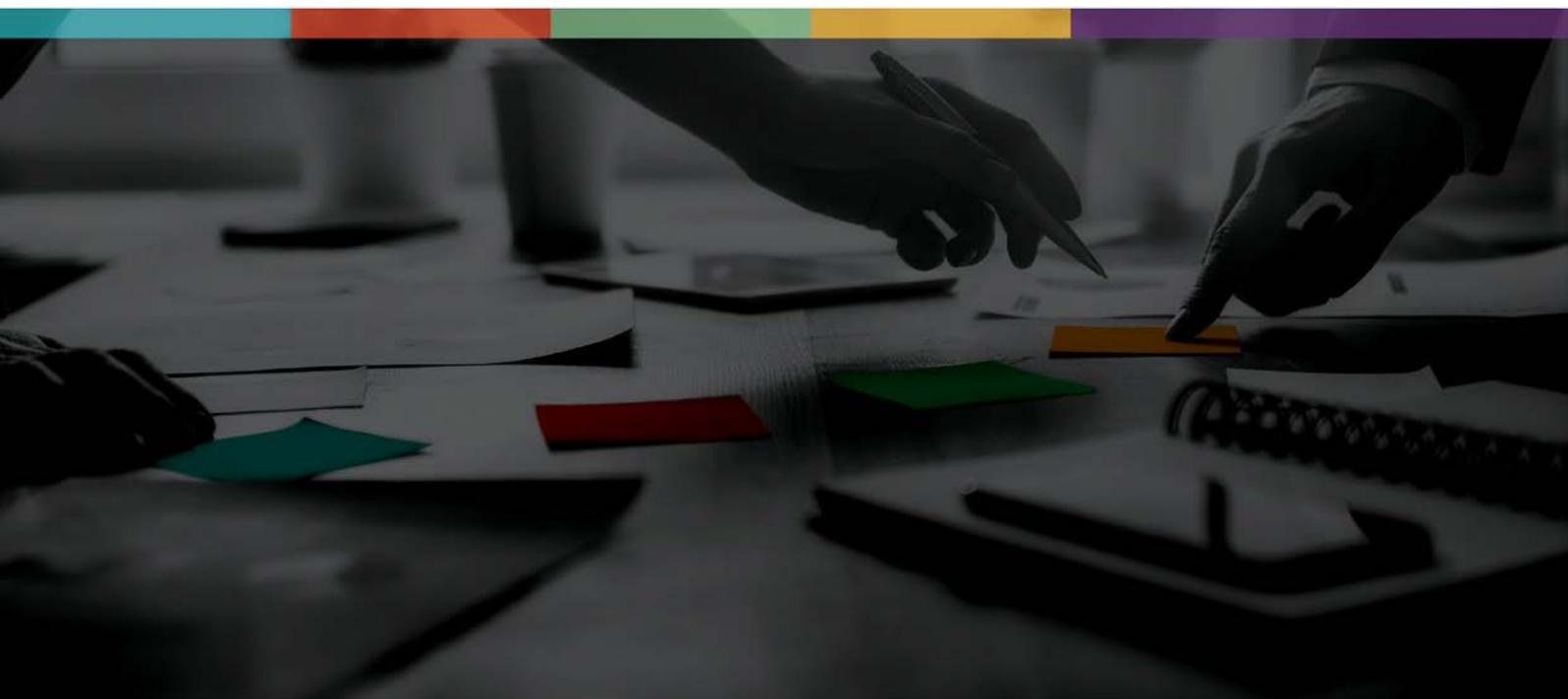


Public consultation:

3. Simplifying and clarifying the designs system

October 2019

Relating to Recommendations 4 and 18 of the Advisory Council on Intellectual Property Review of the Designs System



Executive Summary

An efficient designs system should be simple and easy for users to understand and impose minimal red tape. The purpose of this paper is to seek feedback on a number of technical proposals seeking to simplify the designs system for users and clarify aspects of the system that may be confusing.

Overall Summary of Issues and proposed options in this paper

| Issue | Proposals | |
|--|---|---|
| Modernise Schedule 2 of the <i>Designs Regulations 2004</i> | Option 1 Schedule 2 of the Design Regulations would be amended to update outdated terminology, such as those referring to paper filing practices.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. |
| 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 |
| 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. | |

Where IP Australia has a preferred option, this is indicated with a dark grey background.

The paper seeks feedback on options for implementing the Australian Government’s response to Recommendation 4 of ACIP’s Final Report relating to certain terminology used under the Designs Act, and on options to modernise the formality requirements for designs.

Specifically, this paper brings together a number of minor technical proposals to simplify the designs system for users and clarify aspects of the system that may be confusing.

- *Modernise Schedule 2 of the Designs Regulations* proposal (part 3.1 of this paper)
 - This proposal would bring the requirements for documents filed at IP Australia into the digital age and would futureproof the process for updating those requirements.
- *Clarification of ‘registered’ and ‘certified’ designs* proposal (part 3.2 of this paper)

- This proposal would clarify language in the designs legislation that is confusing for applicants (ACIP Recommendation 4).

Part 3.3 of this paper also canvases a number of specific anomalies identified by ACIP (Recommendation 18) that would improve the consistency and operation of the Act. IP Australia seeks any views on these proposals, including their relative priorities, to help understand how and when they should be progressed.

Written submissions should be sent to consultation@ipaustralia.gov.au.

For accessibility reasons, please submit responses by email in Word, RTF, or PDF format.

The contact officer is:

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This paper is also available at:

www.ipaustralia.gov.au/about-us/public-consultation

Submissions should be received no later than 20 December 2019.

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Personal information is collected by IP Australia during this public consultation for the purposes of gaining stakeholder insights and comments on the proposed amendments to Design Rights legislation and regulations, and is protected by the *Privacy Act 1988* (**Privacy Act**).

Your submission, along with any personal information you provide as part of that submission, will be published on IP Australia's website. Information published online may be accessed world-wide, including by overseas entities. Once the information is published online, IP Australia has no control over its subsequent use and disclosure. You acknowledge and confirm that Australian Privacy Principle (APP) 8 will not apply to the disclosure. If any overseas recipient handles your personal information in breach of the APPs, you acknowledge and agree that IP Australia will not be accountable under the Privacy Act and you will not be able to seek redress under the Act.

If you would prefer that your submission, or any part of your submission, is not published on our website, please notify IP Australia in writing at consultation@ipaaustralia.gov.au, clearly identifying that the whole submission is confidential or the particular parts of the submission you consider to be confidential. IP Australia will not publish any submission or part of a submission that you have marked as confidential.

Your submission, including any personal information you provide, may be disclosed to the relevant Ministers and their offices and Commonwealth government agencies (Recipients) including any relevant contractors providing services to the Recipients, for the purpose of briefing on the results of the consultation in general and/or about specific issues on which you have commented. This disclosure may occur whether or not your submission has been marked as confidential. Where contact details are provided, IP Australia may also contact you by telephone or email to discuss your submission.

A request made under the *Freedom of Information Act 1982* for access to a submission marked confidential will be determined in accordance with that Act.

IP Australia may use your personal information to contact you further regarding the outcomes of this consultation and to inform you of further progress and consultation on these legislative proposals that we think may be of interest to you.

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- how you may seek access to and correction of the personal information we hold;
- how you may make a complaint about a breach of the Privacy Act and how we will deal with your complaint; and
- IP Australia's privacy contact officer details.

By making a public submission, you provide your consent to your personal information being handled in accordance with this privacy notice and the Privacy Policy (linked above).

Introduction

The current designs system has been in operation since the commencement of the *Designs Act 2003* (Designs Act) on 17 June 2004. Concerns have been raised about the effectiveness of the designs system and whether it is meeting its original policy objectives.

In May 2012, the former Advisory Council on Intellectual Property (ACIP) was asked to investigate the effectiveness of the designs system in stimulating innovation by Australian users and the impact the designs system has on economic growth. As part of its investigations, ACIP released an Issues Paper in September 2013 to seek views from stakeholders, including users of the designs system. ACIP released an Options Paper for public consultation in December 2014 and a Final Report in March 2015.

On 6 May 2016, the Australian Government responded to ACIP's Final Report and agreed to the majority of the recommendations. IP Australia is now seeking feedback on options for implementing a number of the accepted recommendations in the form of three options papers:

- Paper 1: Scope of Designs
- Paper 2: Early Flexibility for Designers
- Paper 3: Simplifying and Clarifying the Designs System (this paper)

IP Australia invites interested parties to make written submissions in response to the questions and options presented in this paper by 20 December 2019. IP Australia will consider the submissions and undertake further consultation as necessary.

IP Australia is undertaking other activities in relation to designs in parallel, including the Designs Review Project (DRP) and modernisation of the database of registered designs through the recently released Australian Design Search. Further information on these activities can be found on IP Australia's website here <https://www.ipaustralia.gov.au/beta/designs-review>.

IP Australia acknowledges the Aboriginal and Torres Strait Islander peoples of Australia. We acknowledge the traditional custodians of the lands on which our agency is located and where we conduct our business. We pay our respects to ancestors and Elders, past, present and emerging. IP Australia is committed to honouring Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

IP Australia acknowledges that the cultural expressions of Aboriginal and Torres Strait Islander people such as art, crafts, stories, symbols and icons can inspire, or be used in, designs. Where these cultural expressions are used inappropriately, it can cause great offense and hurt to the custodians of that knowledge. IP Australia is looking at the protection and management of the Indigenous Knowledge (IK) in the IP system and what we can do to support new economic opportunities and promote cultural integrity. Information about our IK work is available on the IP Australia website at www.ipaustralia.gov.au/indigenous-knowledge. You can also register to our [mailing list](#) if you would like to be updated on our IK work, including future consultations.

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](#). The policy register details the issues we are considering or working on for policy or legislative action.

Principles for formulating designs policy

The Productivity Commission (PC) undertook a comprehensive inquiry into Australia’s intellectual property arrangements, completing its final report in 2016. The PC recommended, in formulating intellectual property policy, that the Australian Government should be informed by a robust evidence base and be guided by the principles of effectiveness; efficiency; adaptability and accountability.¹ The Government response supported the recommendation in August 2017.²

These principles complement the Government’s principle of Best Practice Regulation, which include a Regulation Impact Statement process that requires the assessment of economic, social and environmental costs and benefits to business and the community in determining the net benefit of a regulatory proposal.

We encourage readers to keep the PC’s principles in mind when providing submissions, which are briefly explained below.³ You can also find more guidance on things to keep in mind when providing input in the [Guide to commenting on IP Australia’s policy register](#).

Effectiveness

- The designs system should be effective in encouraging additional ideas and in providing incentives that ensure knowledge is disseminated through the economy and community.
- Key questions to ask in assessing effectiveness:
 - Does the system lead to additional designs being generated?
 - Is the system effective in disseminating designs?

Efficiency

- The designs system should provide incentives for designs to be created at the lowest cost to society.
- Key questions to ask in assessing efficiency:
 - Is the system ensuring designs are being generated at the lowest cost?
 - Is the system ensuring that designs are traded so that those that can use them most efficiently can do so?
 - Is the system appropriately balancing the long-term costs and benefits that stem from the system’s effects on competition and innovation?

Adaptability

- The designs system should adapt to changes in economic conditions, technology, markets and costs of innovating.
- Key question to ask in assessing adaptability:
 - Can the system adapt as the nature of innovation, competition and broader economic conditions change?

Accountability

- The policies and institutions that govern the designs system, and the way that changes are made to them, need to be evidence based, transparent, and reflect community values.
- Key questions to ask in assessing accountability:
 - Are the policies and changes made to the designs system evidence based, transparent, and do they reflect community values?

¹ Productivity Commission, [Intellectual Property Arrangements](#), Inquiry Report No. 78, September 2016, p 74.

² Australian Government, [Government response – Productivity Commission Inquiry into Intellectual Property Arrangements](#), 2017, rec 2.1.

³ Productivity Commission, [Intellectual Property Arrangements](#), Inquiry Report No. 78, September 2016, p 61, 74-5.

3.1 Modernise Schedule 2 of the Designs Regulations

Background

Schedule 2 of the *Designs Regulations 2004* (the regulations) sets out the form that documents must take to be accepted for filing or publication. For example, Schedule 2 specifies the size of paper to be used, the margin height for each document, and that each sheet must not be folded, creased or cracked. Schedule 2 also specifies requirements on including textual matter in applications, submitting photographs and digital images, and the exclusion of scandalous matter.

Problem

Schedule 2 of the regulations is largely based on the system of paper filing, which was in use at the time of drafting the regulations. Currently, over 99% of design applications filed with IP Australia are received electronically. Requirements that specify the form that documents filed on paper should take are not relevant to modern electronic filing practices. Consequently, aspects of Schedule 2 are outdated, and are no longer fit for purpose.

Prescribing formal requirements in the regulations also limits IP Australia's flexibility to update the formal requirements as technologies change. This has contributed to these requirements becoming outdated.

A similar problem in the patents legislation was recently addressed in Part 7 of Schedule 2 to the *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Act 2018* that enabled the Commissioner of Patents to issue a non-legislative instrument to determine formality requirements.⁴

Options

Option 1: Amend Schedule 2 to the Design Regulations to modernise the formal requirements

Summary

Under this option, amendments would be made to Schedule 2 of the Design Regulations to update outdated terminology, such as those referring to paper filing practices. Any future changes made to the formal requirements will continue to require amendment of the Regulations.

Discussion

Under this option, Schedule 2 to the Designs Regulations would be updated to modernise some of the existing requirements which are out-of-date with current technology. However, future changes would require further amendment to the regulations thereby limiting IP Australia's flexibility to readily update the formal requirements.

⁴ *Patents Act 1990* ([Patents Act](#)), s 229.

Option 2: Replace Schedule 2 to the Designs Regulations with a non-legislative instrument specifying the formal requirements

Summary

Under this option, 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. Unlike legislative instruments, non-legislative instruments are not subject to tabling, disallowance by either House of the Parliament or sunseting processes.⁵ The formal requirements would be updated to modernise some of the existing requirements which are out-of-date with current technology.

Option 2 differs from Option 1 by moving the formal requirements into a non-legislative instrument, which would provide greater flexibility to manage future changes in technology and compliance with our international obligations. The instrument would be developed in consultation with stakeholders to modernise some of the existing requirements which are out-of-date with current technology.

Discussion

In order to implement this option, an amendment to the Designs Act would be needed to provide the Registrar of Designs with power to make a non-legislative instrument in which the formal requirements would be defined. An amendment would also be required to the regulation making power. This would ensure that there is sufficient regulation making power to allow the regulations to refer to the instrument, and to provide the means by which an applicant can comply with the formal requirements as specified in the instrument. Sections 39 and 40 of the Designs Act would also require amendment. In addition to the repeal of Schedule 2 to the Designs Regulations, regulations 4.04, 4.05, 4.15 and 11.27 would need to be amended. Other consequential amendments may be identified during the drafting process.

Preferred Option – Option 2

Option 2 is preferred because it provides greater flexibility than option 1, by moving the formal requirements into a non-legislative instrument instead of updating outdated terminology in the Regulations. The additional flexibility afforded by option 2 would allow IP Australia to more readily and efficiently manage future changes in technology and compliance with our international obligations. This would be in line with the approach taken in the patent system.

Questions for consultation

Question 1: Do you see any unintended consequences with the preferred option?

⁵ Paragraph 40 of [the Instruments Handbook](#), Document release 3.5, Reissued May 2019

3.2 Clarification of ‘registered’ and ‘certified’ designs

Background

Under the Designs Act, registration occurs following a formalities check,⁶ and substantive examination occurs only on request by the owner, a third party, the Registrar of Designs or if a court orders the Register to do so.⁷ If a design does not pass examination, the registered design will be revoked and the design is taken never to have been registered. If the design is found to have met the substantive requirements of the Act, a certificate of examination is issued where registration is valid (i.e., it is certified) and only then is it enforceable.

The current system was introduced in the Designs Act to streamline the process for acquiring registered design rights. As noted in the Explanatory Memorandum for the Designs Bill 2002 ‘examination is time consuming and expensive and, as only a small proportion of design registrations become subject to infringement concerns or litigation, it is not always necessary.’⁸ However, while this system streamlines the process for acquiring registered design rights, the registration process differs from many other jurisdictions. In the previous Act, the *Designs Act 1906*, a design was registered following a substantive examination to ensure it complied with all the relevant requirements of the Act, and a registered design could be enforced against third parties.

The ACIP Final Report made the following recommendation in relation to the clarification of ‘registered’ and ‘certified’ designs:

ACIP recommends changing the terminology for a registered but uncertified design to make it clear that the design does not, until certification, confer enforceable rights. ACIP suggests the term ‘uncertified design’ should be used.

The Government accepted this recommendation. The Government stated that it accepts it is desirable to clarify when a design is enforceable and that the exact terminology will be finalised before implementation.

Problem

As noted in ACIP’s Final Report,⁹ one consequence of the streamlined process under the Designs Act is that a registered design is not necessarily valid, but may be understood by people unfamiliar with the system as creating enforceable rights. If design owners are confused, this could lead to disappointment or frustration with the system. If third parties are confused, and in particular if they think registered designs are enforceable where they are not, this could lead to unnecessary ‘chilling’ of commercial activity.

Research undertaken by the Intellectual Property Research Institute of Australia (IPRIA) on behalf of ACIP as part of the 2015 review of the designs system found that there is confusion about the status of registered designs.¹⁰ This sentiment was echoed by stakeholders who commented on this issue during the ACIP review.

⁶ *Designs Act 2003* ([Designs Act](#)), Chapter 4, Part 3.

⁷ *Designs Act 2003* ([Designs Act](#)), s 63.

⁸ Explanatory Memorandum to the Designs Bill 2002 ([Explanatory Memorandum](#)), p 5.

⁹ Advisory Council on Intellectual Property, *Review of the Designs System*, Final Report, March 2015 ([ACIP Designs Review](#)), p 19.

¹⁰ Advisory Council on Intellectual Property, *Review of the Designs System*, Final Report, March 2015 ([ACIP Designs Review](#)), p 19.

Referring to an unexamined design as a ‘registration’ or ‘registered design’ is also out of line with terminology in many overseas jurisdictions.¹¹ This approach is also inconsistent in the way the term ‘registered’ is used in relation to other IP rights such as a trade mark or a plant breeder’s right, where registration occurs after examination and provides the owner with an exclusive right.

Options

Option 1 – Introduce ‘uncertified design’ terminology

Summary

Under this option the Designs Act would be amended to change the terminology for a registered design without a certificate of examination. The term ‘uncertified design’ would be used. The definition of a registered design would be clarified.

Discussion

ACIP suggested the term ‘uncertified design’ should be used for a design that is registered without certification. ACIP was attracted to the term ‘uncertified design’ as, in their view, it seemed to fulfil the objective of signalling the absence of government approval of the claimed exclusive rights.

ACIP’s Options Paper previously suggested the term ‘design application’ for designs registered but not yet certified. However, some stakeholders preferred the terminology ‘uncertified design’ or ‘unexamined registered design’ because the design is entered on the Register and is no longer an application.¹²

While ‘uncertified design’ is proposed, a list of possible terms for a registered design without a certificate of examination is provided in Table 1 for your consideration.

Table 1: Terminology options for a registered design without a certificate of examination.

| Terminology for registered designs without a certificate of examination. | Comments |
|--|--|
| Uncertified | ACIP suggested that the term ‘uncertified design’ be adopted. The term ‘uncertified’ with the introduction of the term ‘certified’ may help address stakeholder confusion regarding the different statuses of certified and registered designs. This also relies on stakeholders understanding what certification means. |
| Unexamined registered design | The term ‘unexamined registered design’ may alleviate some stakeholder confusion but relies on stakeholders having an understanding of examination, including that examination is optional. |

¹¹ Advisory Council on Intellectual Property, *Review of the Designs System*, Final Report, March 2015 ([ACIP Designs Review](#)), p 19.

¹² Advisory Council on Intellectual Property, *Review of the Designs System*, Final Report, March 2015 ([ACIP Designs Review](#)), p 19.

| | |
|------------------------------|---|
| Provisional | The term 'provisional' is used in the Patents Act. This may cause confusion for stakeholders who are familiar with both Acts. Provisional may also give stakeholders the impression their registered design is not valid. |
| Pre-certification | The term 'pre-certification' may imply that a design will eventually be examined. However, as examination is optional, most designs are not examined, ¹³ and approximately 10% of designs that undergo substantive examination are not issued a certificate of examination. ¹⁴ This term may cause further stakeholder confusion. |
| Pending certification | The term 'pending certification' appears to have similar problems with the term 'pre-certification' due to examination being optional, most designs not undergoing examination and not all designs passing examination. |
| Pending | The term 'pending' may suggest examination, leading to a legally enforceable right, is being undertaken. As examination is optional, this may cause further stakeholder confusion. |
| Unenforceable design | The term 'unenforceable design' addresses the main source of stakeholder confusion. However, the term may cause stakeholder confusion as to the rights in such a design (such as exclusive rights of registered owners under section 10) and may imply the design cannot ultimately be enforced (even if certified). |

Option 2 – Introduce 'uncertified design' and 'certified design' terminology

Summary

Under this option the Designs Act would be amended to change the terminology for both registered designs without certification, and registered designs with certification. As with Option 1, changing the terminology would clarify the status of designs in the Designs Act. The term 'certified design' would be used for a design that is registered with certification.

Discussion

Having two separate definitions may assist stakeholders in understanding the difference between a design that is registered without certification and a registered design with certification, as compared to Option 1. However, stakeholders may already have a perception of enforceability of a registered design, so further amendment to clarify that a registered design has been certified may not be necessary.

While 'certified design' is proposed, a list of possible terms for a registered design with a certificate of examination, is provided in Table 2 for your consideration.

¹³ In 2017, IP Australia registered 7337 applications and certified 1288 designs. Australian Intellectual Property Report 2018 ([IP Report 2018](#)), p 23.

¹⁴ Advisory Council on Intellectual Property, *Review of the Designs System*, Issues Paper, September 2013 ([ACIP Issues Paper](#)), p 10.

Table 2: Terminology options for a registered design with a certificate of examination where registration is valid.

| Terminology for registered designs with a certificate of examination where registration is valid | Comments |
|--|---|
| Certified design | The term ‘certified design’, provided along with a clear definition as to what rights a certified design affords the owner should go towards addressing stakeholder confusion. |
| Examined design | The term ‘examined design’ may alleviate some stakeholder confusion but relies on stakeholders understanding that this refers to designs that pass examination. |
| Enforceable design | The term ‘enforceable design’ would address the main cause of confusion that stakeholders have regarding the difference between registered designs with and without a certificate of examination. |

Preferred Option

Currently, IP Australia’s preferred option is Option 1. This option would change the terminology for a design that is registered without a certificate of examination to avoid confusion in the marketplace and to make it clear that an unexamined design does not yield an enforceable right. This option would implement the government response to ACIP’s recommendation.

Option 2 would provide the same effect as Option 1 but would further delineate the status of a registered design (pre- and post-validation). However, designers may already have a perception that a registered design is enforceable, so further clarification of a registered design where a certificate of examination has been issued may not be necessary.

IP Australia is currently assessing the impacts of implementing a change in terminology on IP Australia’s IT systems and administration. It is noted that any change in terminology is likely to bear a significant impact on a number of systems and processes. These include updates to references in online user screens, databases, correspondence and a number of downstream systems such as the Australian Designs Search.

Questions for consultation

Question 2: IP Australia is particularly interested to hear from designers/IP professionals in relation to the following matters:

- 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?*
- b. Do you consider that the registered design terminology should be reformed?*
- c. Do you see any unintended consequences with the preferred option?*
- d. Do you have an alternative preferred term for a registered design without certification?*

3.3 On-Hold ACIP recommendations

Overview

Recommendation 18 of ACIP's Final Report made a number of recommendations to amend the legislation to address specific anomalies identified by stakeholders.¹⁵ The Government accepted this recommendation with the proviso that Australia continues to comply with its international obligations, and any change to the Designs Act does not result in an unintended advantage of one type of application over another type of application.

IP Australia is interested to hear from stakeholders with regard to the nine sub-recommendations made under Recommendation 18 of ACIP's Final Report, including their relative priorities, to help understand how and when they should be progressed. These issues are currently listed under items 45, 46 and 61 (in part) on IP Australia's policy register with a medium priority.¹⁶

The definitions of low, medium and high priorities used in IP Australia's policy register are provided in the following table for reference.

| Priority | |
|----------|--|
| High | Action will be taken by IP Australia at the next available opportunity. |
| Medium | Desirable for action by IP Australia in the medium term, but will not be addressed immediately. |
| Low | Limited evidence or justification for change at the present time. Unlikely to be progressed by IP Australia in the short or medium term. |

Question for consultation

Question 3A: Do you consider any of the following issues to be of high priority? Please provide further detail including reasons.

Identity of Convention applicants (18a)

Background

ACIP recommended that the regulations regarding the identity of Convention applicants are consistent with section 13 of the Designs Act in relation to entitlement.

Section 13 of the Designs Act sets out an exclusive list of persons entitled to be entered in the Register as the registered owner or owner of a design.

Problem

Currently, subregulation 3.06(2) of the Designs Regulations restricts Convention applications as a person may be entitled to own a registered design, but not entitled to make a convention application.

Subregulation 3.06(2) stipulates that the application is to be filed by,

¹⁵ Advisory Council on Intellectual Property, *Review of the Designs System*, Final Report, March 2015 ([ACIP Designs Review](#)), p 38-40

¹⁶ IP Australia Policy Register ([Policy Register](#)), items 45, 46 and 61 (in part, as it relates to Designs).

- (a) the applicant in the basic application; or
- (b) the applicant's assignee; or
- (c) the legal personal representative of the applicant or of the applicant's assignee;

the prescribed date is the day when the basic application was made.

If an Australian applicant wishes to claim a Convention priority a difficulty may arise by virtue of the limitations placed on Convention applicants.

Proposed amendment

Regulation 3.06 would be amended to make the rules regarding the identity of Convention applicants consistent with the rules relating to entitlement to designs, as outlined under section 13 of the Designs Act. The amendments would also maintain consistency with Article 4 of the Paris Convention, by ensuring the required identities for applicants claiming a right to priority are retained.

Question for consultation

Question 3B: Does the proposed amendment resolve the present inconsistency between subregulation 3.06(2) and section 13?

Different requirements for Convention applicants (18b)

Background

ACIP recommended that international Convention applicants should not be disadvantaged in cases where formal requirements differ between jurisdictions, by expanding the rules relating to priority claiming.

Problem

Currently, Convention applicants are disadvantaged in cases where formal requirements differ between jurisdictions. For example, where an application in Australia claims a Convention priority and the representations do not show a whole product, the owner may not be able to amend the representations as it would alter the scope of the design by inclusion of matter that was not in substance disclosed in the original application. Subsection 28(3) of the Designs Act states,

- (3) Despite subsection (1), the Registrar must not amend:
 - (a) any representations included in the design application; or
 - (b) any other documents accompanying the design application;

in so far as they define a design disclosed in the design application, in such a way as to alter the scope of the application by the inclusion of matter which was not in substance disclosed in the original design application, representations or other documents.

This issue is also discussed in Part 1.1 in the Scope of Designs Protection options paper, which considers the protection of partial designs.

Proposed amendment

Section 28 could be amended to accommodate instances where the degree of disclosure of the design in the basic application may differ between the Convention country and Australia. However, further consideration as to how changes to representations are assessed as eligible amendments, would be required. This issue could also be addressed by introducing protection of partial designs, if the problem specifically relates to the formal requirements associated with representing partial designs. Taken together, it is considered that this issue has some complexities that will require time and further consultation to work through.

Question for consultation

Question 3C: Does the proposed amendment remove the disadvantage to Convention applicants? Are there other disadvantages?

Allow a court to refuse to revoke a design registration (18c)

Background

ACIP recommended that courts have the power, similar to that available under the Patents Act, to refuse to revoke a design registration on the basis of the entitlement of the named applicant in appropriate circumstances.

Problem

Lack of entitlement at the time of registration is a ground for revocation of the design under section 93 of the Designs Act. As a result of the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* ('Raising the Bar'), the courts have a discretion under the Patents Act regarding revocation as a result of lack of entitlement.

Proposed amendment

As a consequence of the Raising the Bar reforms, subsection 138(4) had inserted *inter alia* "unless the court is satisfied". Section 93 of the Designs Act would be amended to provide courts with a similar discretion to the one specified in the Patents Act.

Question for consultation

Question 3D: Is the proposed amendment necessary since courts have an inherent discretion not to act in appropriate circumstances?

Allow revocation of a design registration at the time of proceedings (18d)

Background

ACIP recommended that design registrations should be revocable on the basis of a lack of entitlement at the time of the revocation proceeding, rather than at the time of registration.

Problem

Section 93 provides for revocation where the original registered owner was not entitled at the time of registration. Paragraphs 93(3)(b) and(c) specify that issues of entitlement should be determined "when the design was first registered". This may not capture instances where a registered owner was later deemed not to be an entitled person. The relevant grounds for revocation are set out below.

(3) The grounds on which a court may revoke the registration of the design are:

- (a) that the design is not a registrable design; or
- (b) that one or more of the original registered owners was not an entitled person in relation to the design when the design was first registered; or
- (c) that each of the original registered owners was an entitled person in relation to the design when the design was first registered, but another person or persons were entitled persons in relation to the design at that time;

...

Proposed amendment

Section 93 would be amended to allow a court to revoke a design registration on the basis of entitlement at the time of the revocation proceeding.

Question for consultation

Question 3E: Should the Designs Act be amended to allow a court to revoke a design registration, in appropriate circumstances, at any time after the design is registered?

Expand the prior art base to include all designs (18e)

Background

ACIP recommended that the prior art base against which newness and distinctiveness is considered should be expanded to include designs for products other than the product the subject of the registered design. The issue of what is included in the prior art base is also discussed in Part 1.1 of the Scope of Designs Protection options paper, which considers the protection of partial designs.

Problem

According to ACIP, it is unclear if the prior art base under subsection 15(2) of the Designs Act includes designs for products other than the product referred to in the registered design right. The confusion exists in the definition of the prior art base for a design as it includes the term 'designated design' in subsection 15(2). Subsection 15(2) states:

- (2) The **prior art base** for a design (the **designated design**) consists of:
 - (a) designs publicly used in Australia; and
 - (b) designs published in a document within or outside Australia; and
 - (c) designs in relation to which each of the following criteria is satisfied:
 - (i) the design is disclosed in a design application;
 - (ii) the design has an earlier priority date than the designated design;
 - (iii) the first time documents disclosing the design are made available for public inspection under section 60 is on or after the priority date of the designated design.

Proposed amendment

Section 15 would be amended to clarify that the prior art base includes designs for products other than the product that is the subject of the design. However, as noted above, any amendments made to the prior art base would also need to consider any changes made to protect partial designs.

Question for consultation

Questions 3F: Is the proposed amendment necessary to clarify subsection 15(2), that is, there is no basis for suggesting that the prior art base does not include designs for 'other products'?

Allow revocation of a design registration on the basis of fraud during certification (18f)

Background

ACIP recommended that the ground of revocation on the basis of fraud, false suggestion or misrepresentation extends to fraud, for example, during certification of a design, and not just at registration.

Problem

The Designs Act only identifies fraud, false suggestion or misrepresentation in obtaining the registration of the design as a ground for revocation. Relevantly, paragraph 93(3)(d) states:

(d) that the registration of the design was obtained by fraud, false suggestion or misrepresentation;

However, acts of fraud, false suggestion or misrepresentation could equally occur at other stages of the design process, including during certification of a design.

Proposed amendment

Section 93 would be amended to allow revocation on the basis of fraud, false suggestion or misrepresentation at any time after registration of the design.

Question for consultation

Question 3G: Does the proposed amendment resolve the problem, as outlined, completely?

Allow amendments to a design registration for other grounds (18g)

Background

ACIP recommended that the opportunity to amend is broadened for other than overcoming a ground of revocation.

Problem

The Designs Act provides for three amendment mechanisms for registered designs: first, under section 66, where a ground for revocation has been made out; second, under section 120, where rectification of the Register is ordered by a court (which may include an amendment); and finally, under regulation 9.05 of the Designs Regulations, where correction of clerical errors and obvious mistakes can be amended on the Register. However, voluntary amendments are not possible unless a ground for revocation has been made out. This does not allow for a registered owner to reconsider or amend information, such as the product name or a Statement of Newness and Distinctiveness (SoND). The function of the SoND is also discussed in Part 1.1 of the Scope of Designs Protection options paper, which considers the protection of partial designs.

Proposed amendment

Section 66 would be amended to allow voluntary amendments by registered owners at any stage prior to examination of the design. How these requests are assessed would require further consideration.

Question for consultation

Question 3H: What would be the impact on other aspects of the designs system, for example, the use of a SoND, if voluntary amendments were allowed at any stage prior to examination of the design?

Allow exclusive licensees to commence court proceedings (18h)

Background

ACIP recommended that exclusive licensees have the right to bring court proceedings for infringement.

Problem

Other IP rights allow exclusive licensees to bring court proceedings in their own name for infringement. Presently, the Designs Act does not allow exclusive licensees to do so.

Proposed amendment

Section 73 would be amended to allow exclusive licensees to bring court proceedings in their own name for infringement to align the Designs Act with other IP rights.

Question for consultation

Question 3I: Does the proposed amendment resolve the problem, as outlined, completely?

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

Background

ACIP recommended that grace periods for design renewal deadlines align with other IP rights.

Problem

The status of a design registration during the grace period for payment of the renewal fee is uncertain. It is unclear if third parties are protected from infringement proceedings during the renewal grace period if the renewal fee has not been paid by the registered owner.

Proposed amendment

Section 47 would be amended to clarify the status of a design registration during the grace period for payment of the renewal fee, and align the Designs Act with other IP rights. The amendment would clarify that the registered design does not cease during the grace period for payment of the renewal fee, unless it is not renewed. This approach was proposed as one of the measures to align renewals across the IP rights in the exposure draft of the Intellectual Property Laws Amendment Bill 2017.¹⁷

Question for consultation

Question 3J: Does the proposed amendment resolve the problem, as outlined, completely?

¹⁷ Exposure draft of the Intellectual Property Laws Amendment Bill 2017 ([exposure draft IP Laws Amendment Bill 2017](#)), item 3.

