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Input on Exposure Draft of Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020 Draft Explanatory Memorandum

FICPI Australia is the Australian National Association of the International Federation of Intellectual Property Attorneys (FICPI).

FICPI is the only international NGO whose membership consists exclusively of IP attorneys in private practice. FICPI, therefore, represents a key constituency of the international IP system.

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Submission Comments

Consultation question: In the new provisions, and in existing provisions, the expression “**the registered owner’s predecessor in title**” is used. Will this cover, as we intend, any predecessors in title where the right has had more than two owners?

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We assume this question relates to more than two (non-concurrent) owners, ie, when there is a chain of title between several owners from the designer to the current design owner. FICPI Australia is of the view that it includes any predecessors in title, noting that Section 13(1)(c) of the Act states in respect of “registered owner”: “a person who derives title to the design from a person mentioned in paragraphs (a) or (b), or by devolution by will or by operation of law. We do not consider that “derives title” limits that to being a single instance of title derivation, and title may have passed through various owners between the designer or original owner and the current registered owner. Section 13(1)(c) states “*a person who derives title to the design from a person mentioned in paragraph (a) or (b), or by devolution by will or by operation of law*”, and noting that Section 13(1)(c) as appended to sections 13(1)(a) (i.e. the designer) or 13(1)(b) (another person).

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Consultation question: Under s 13(1)(b), where a person creates a design in the course of employment, or under a contract with another person, the person entitled to registration is the employer or the other person under the contract. If the employee/contractor designer were to publish or use the design, would that disclosure be covered by the grace period, either by treating the designer as a “predecessor in title”, or under doctrines of agency, or otherwise? If not, is this a problem?

We note that proposed Subsection 17(1) is as follows:

1 Subsection 17(1)

Repeal the subsection, substitute:

- (1) For the purpose of deciding whether a design (the *subject design*) is new and distinctive, the person making the decision must disregard any of the following publications or uses that occur in the period of 12 months ending at the end of the day before the priority date in relation to the subject design:
- (a) a publication or use of a design (which may or may not be the subject design) by the registered owner of the subject design or the registered owner’s predecessor in title;
 - (b) a publication or use of a design (which may or may not be the subject design) by another person or body (other than the Registrar or a person or body mentioned in subsection (1A)) that derived or obtained the design from the registered owner of the subject design or from the registered owner’s predecessor in title.

It is the view of FICPI Australia that the publication in this context by the designer could arguably be an issue. It potentially may not be covered by the grace period, in the context of Section 13(1)(b), noting that the registered owner arguably does not have a predecessor in title in the instance of a design authored under an employment contract, as the design is the property of the employer from the outset. Furthermore, in 17(1)(b) above, one could argue that the designer did not “derive or obtain” the design from the registered owner.

One possible approach here would be to adopt a similar exclusion like Section 24b of the Patents Act, which states:

*(b) any information made publicly available **without the consent of the nominated person** or patentee, through any publication or use of the invention by another person **who derived the information from the nominated person or patentee** or from the predecessor in title of the nominated person or patentee.*

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Consultation question: Does the proposed exclusion of the Registrar’s publications (in combination with the language of the remainder of the subsection) ensure that two design registrations with different priority dates but covering the same design will not both be registrable? Will it have any unintended consequences?

We understand from the consultation question (and the background from page 11 of the Exposure Draft) that the intention outlined above is to prevent the design applicant from validly filing the same design on different dates. A simpler approach might be to specify for example that a “registrable design” in Section 15(1) must be the first application filed in respect of a design (or a design that is identical or substantially similar in overall impression). If the second design is not identical or substantially similar, it would and should be separately eligible for protection.

FICPI Australia is not certain that the issue of excluding publications by the registrar is as salient as the paper suggests. We are not aware of other jurisdictions that include such exclusions in their grace period laws. If the concern is to prevent the same applicant protecting a design with different applications filed on different dates (ie to perhaps extend the term of protection) the amendment proposed above regarding the definition of a “registrable design” would be a simpler approach.

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Consultation question: Is the exclusion of publications of foreign national and international designs offices appropriate? Will it have any unintended consequences?

FICPI Australia is not aware of any jurisdictions which provide similar grace periods where the publication of a patent or design by an overseas IP Office application voids the grace period. This condition certainly does not apply to the grace period available for Australian patent applications. FICPI Australia questions the merit of this proposed exception to the 12 month grace period in Section 17(1)(1A).

Furthermore, the TRIPS Agreement forbids discrimination between a Member's nationals and the nationals of other Members. Thus, further consideration as to whether the proposed subsection 17(1)(1A) is prejudicial to foreign design applicants is required.

For example, an Australian designer has 12 months from the date they publish their design on their website (for example) within which to file an Australian registered design application using the proposed grace period.

In contrast, the European Designs Office typically publishes designs shortly after lodgement, typically within 1-3 months. Thus, for example, if a European designer published their design on their webpage, and then files an EP design application the next day, they would not have a 12 month grace period. In contrast, to 6 months and one day from the first self-publication, noting the six month Paris Convention period.

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Consultation question: Will the subsection effectively simplify proof of derivation for registered owners of designs? Does it strike an appropriate balance between facilitating proof for registered owners and permitting rebuttal by third parties? Are there any unintended consequences, or gaps in proof for registered owners?

FICPI Australia has no comments on this question.

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Consultation question: Does subsection 17(1C) satisfactorily address the relationship between section 17 and section 18?

FICPI Australia has no comments on this question.

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Consultation question: We recognise that the amendments made by Schedule 2 do not provide relief from infringement for third parties for potential infringement that may occur between the filing and registration of a design. Currently, infringement may occur as early as the filing date of the design. However, a design only becomes publicly available after it is registered. This can be up to 9 months after filing date (6 months to request registration and then approximately another 3 months to resolve any formality issues). Accordingly, a third party who happens to begin use of that design (or a substantially similar one) may infringe the design registration, even though it was not publicly available and therefore there was no way that due diligence could have uncovered the risk of infringement. While the Act provides some relief for “innocent” infringers, any use that occurs between the filing date and the date when the design was registered has been held to be ineligible for relief. We are currently exploring options that would address this issue. One option under consideration is to amend the Designs Act to expand the options for relief where a third party begins using a design between filing and registration. Do you have any comments on this approach? If the options for relief from infringement were expanded, do you have any views on the standard of proof that should be required to provide relief from infringement before or after registration?

FICPI Australia acknowledges that a long deferment of publication option could make third party clearance assessments more difficult in those circumstances which involve the invocation of a grace period. Accordingly, FICPI Australia believes the cumulative effect of the following factors taken in total: the term of a grace period; and available period of deferment of publication; and innocent infringer defence provisions, need to be taken into account when considering third parties rights to information and what is an acceptable period of uncertainty in that context. The introduction of a prior use defence will be a welcome feature of the design system in Australia for some users and should operate in concert with the new grace period. However, as noted, a balance needs to be struck between the design owner’s rights and the uncertainty

faced by members of the public and competitors wishing to exploit a published design which may ultimately become the subject of a design application.

One issue being that proposed Section 71(A) does not specify that the prior user activity has to have occurred in Australia. It is the view of FICPI Australia that a prior user defence should be limited to the territory in which the prior use activities had taken place. For example, Section 119(1)(a) of the Patent Act is limited to exploitation or definite steps taken “in the patent area”.

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Consultation question: The concept of a “temporary” cessation is reused from the Patents Act s119(2). Is the expression “temporary cessation” sufficiently clear? If not, what would be a better standard?

Proposed Section 71A(2)(a)(ii):

“the person was not doing such an act only because of a temporary cessation in the doing of such an act” does appear to be confusingly drafted for no obvious advantage.

S119(2) from the patents Act defines “*had stopped (except temporarily) exploiting the product, method or process in the patent area*” and this language is easier to construe without considerable deliberation.

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Consultation question: The expression “derived the relevant design from the registered owner” is adapted from the Patents Act s 119(3), and reflects, to some extent, the standard used for the grace period in Schedule 1. Is the expression “derived the relevant design from the registered owner” sufficiently clear? If not, what would be a better standard?

FICPI Australia does not have any specific concerns with the language “derived the relevant design from the registered owner”.

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Consultation question: Subsection 71A(4) does not permit licensing of the prior use right (in a similar way to subsection 119(4) of the Patents Act). Some designers rely on third parties to manufacture, import, retail and distribute their products. Would the narrowness of subsection 71A(4) prevent use of ordinary supply or distribution chains by designers relying on the prior use defence? If so, how should the defence be modified?

FICPI Australia has no comments on this question.

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Consultation question: Are there any unintended consequences or problems you foresee in applications being deemed to have requested registration?

Not specifically, and in most jurisdictions, an application for design registration is deemed by the respective office to include a request for registration of that design.

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Do you have any comments on the drafting of Schedule 1 and 2 which introduces a twelve month grace period and an infringement exemption for prior use during that period?

FICPI Australia initially proposed that the grace period would grace any publication/use that occurred in the 12 months before the Australian filing date rather than the priority date.

As noted earlier, proposed Section 71(A) does not specify that the prior user activity has to have occurred in Australia. It is the view of FICPI Australia that a prior user defence should be limited to the territory in which the prior use activities had taken place.

Do you have any comments on the drafting of Schedule 3 which amends the Designs Act to streamline the design registration process?

FICPI Australia agrees with the removal of publication as an alternative to registration.

The approach of the current act in having to make an additional request for registration was as an alternative to the publication option, which is as proposed is to be removed. Retaining affirmative requesting of registration is pointless. Without the alternative of publication, FICPI Australia does not understand the need for a registration request separate to the making of the application for registration of the design. Under the current and proposed system, if this separate request for registration is not made then this results in lapsing of the application. FICPI Australia strongly advocates that filing of an Application for registration of the design should not be able to be made that does not seek registration of the design. In other words, the filing of the application for a registered design is a request for registration of that design. If deferment of registration by the applicant is intended, then FICPI Australia proposes that a better approach would be to have the option of requesting deferment of registration by (say) a period of 6 months.

Do you have any comments on the drafting of Schedule 4 which gives exclusive licensees of registered designs legal standing to commence legal action for infringement?

FICPI Australia has no comments on this question

Do you have any comments on the drafting of Schedule 5 which will amend the Designs Act to streamline the process for updating formal requirements for a design application?

FICPI Australia has no comments on this question

Do you have any comments on the drafting of Schedule 6 which contain amendments to make minor technical corrections and improvements to the Designs Act?

FICPI Australia has no comments on this question

Other issues

Protection for Graphical User interfaces (GUIs)

FICPI Australia strongly agrees with the original ACIP recommendation that some protection should be available for at least some virtual or non-physical designs such as graphical user interfaces (GUIs), and Australia is significantly lagging behind other jurisdictions in this area.

We reiterate our previously expressed view that to protect GUIs, there needs to be a change to the Designs Act 2003 and that now is the appropriate time to amend the definition of “Product” in Section 6 and/or “Visual Feature” in Section 7, and Registrable Design” in Sections 5 and 15.

Any such amendments would need to carefully address the issue of whether the GUI must be visible in all states of the product, as opposed to all “in use” states of the product, or simply some “in use” states of the product. This consideration is particularly relevant given that devices such as mobile phones or computer have a blank screen when powered down or in a standby mode, despite the GUI often defining a salient portion of the appearance of the product when in use.

FICPI Australia believes that now is the right time to make amendments to also permit broad protection for GUIs. We are of the understanding that this view is shared by a majority of users of the Australian design registration system.

Mr Chris Atichian was the lead author of this submission. Mr Atichian and the President of FICPI Australia Mr Stephen Krouzecky are available to respond to any question that the Advisory Council may have.

FICPI Australia thanks the Advisory Council for the opportunity to make this submission and in particular the extension of time within which to do so.

Yours sincerely

A handwritten signature in black ink, appearing to read 'W.G. McFarlane', followed by a long horizontal line extending to the right.

W.G. (Bill) McFarlane

Secretary

FICPI Australia