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Our ref: HS-TIPS

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Dear Mr Gardner

**Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020**

Thank you for the opportunity to provide comments on the draft Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020, which is proposed to amend the *Designs Act 2003* (Cth). The Queensland Law Society (**QLS/the Society**) appreciates being consulted on this important piece of legislation.

QLS is the peak professional body for Queensland's legal practitioners. We represent and promote over 13,000 legal professionals, increase community understanding of the law, help protect the rights of individuals and advise the community about the many benefits solicitors can provide. QLS also assists the public by advising government on improvements to laws affecting Queenslanders and working to improve their access to the law.

This response has been compiled by the QLS Technology and Intellectual Property Law Committee, whose members are practitioner volunteers with substantial expertise in this area. QLS, through the committee, has had an ongoing interest in the treatment of registered designs in Australia, having initially made submissions by its letter dated 15 November 2013 to the Advisory Council on Intellectual Property (ACIP), responsive to ACIP's Review of the Design System Discussion Paper. More recently the QLS in its letter dated 31 January 2020 (**the Society 2020 submission**) made submissions on the then current Designs Consultation, which was responding to recommendations of the former ACIP, in its Final Report of March 2015, titled "Review of the Designs System" (the ACIP Review).

**Submissions**

The Society makes submissions in relation to the following proposed amendments:

- Schedule 1 - The introduction of a grace period.
- Schedule 2 - The prior use defence.
- Schedule 4 - The right of the exclusive licensee to commence infringement proceedings.

### **Schedule 1 – Grace period**

The Society refers to and repeats its 2020 submission which supported the introduction of a 12-month grace period on the basis that the unfamiliarity of many designers with the guillotine effects of not maintaining absolute secrecy of a design before filing outweighed any uncertainty other designers may have as to whether the design is protected.

In addition, there is an unnecessary tension between the designer's desire to assess public response to a new design through reasonable trials and the fatal consequences of prior publication. In this regard, the Society considers a 6-month grace period inadequate for such purposes of reasonable trial and echoes its earlier submissions that a 12 months grace period is appropriate.

The Society also supports the introduction of a 12-month grace period because it increases consistency with other intellectual property regimes. Designs, like patents, require newness, innovation and a marked advance from the prior art.

Although the period of 12 months from the day the information was made public which is available under the *Patents Regulations 1991* Reg 2.2C will differ from the proposed 12 months before the priority date of the design, the principle of a grace period in these two IP areas will assist as designers and inventors come to learn that prior publication is not always fatal.

Each of patent, designs, trade marks and copyright have their own *sui generis* laws and principles. However, there has been a concentrated effort over some 15 years to introduce a uniform approach to common issues. Examples, of these are the additional powers given to the Federal Circuit Court to extend its jurisdiction in copyright matters to trade mark and design enforcement proceedings. Further the relief a prescribed court may grant has been extended in patents, trade marks and designs to allow additional damages and more recently in patents, designs and trade marks to award additional damages in groundless or unjustified threats proceedings.

### **Schedule 2 – Prior use defence**

The prior use defence, which was included by ACIP as part of the same recommendation in its Final Report, is a reasonable trade-off for the granting of a grace period. As stated, the advantage given to the designer by the grace period will generate a downside, although that downside can be considered a 'lesser evil'. That lesser evil is the uncertainty to third parties who see a design where that design is not yet registered.

The Society supports the amendment to provide a prior use defence so that third parties are not penalised by being placed in the uncertain position of not knowing whether the design is protected or is going to be protected, and by not exposing such persons to infringement proceedings for actions during that period of uncertainty.

### **Schedule 4 – Right of exclusive licensee to bring infringement proceedings**

Following on from the Society's earlier submission, steps toward consistent principles across the IP regimes are helpful to demystify the understanding of those IP regimes. The ability of



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an exclusive licensee to commence enforcement proceedings is well known under the *Patents Act 1995* (Cth) s120(1) and the *Copyright Act 1968* (Cth) s119.

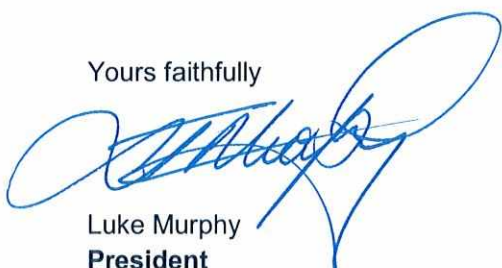
The sole reliance of an exclusive licensee of a registered design upon the design owner to take enforcement proceedings to protect, as a matter of practicality, the interests of the exclusive licensee is obviously problematic, particularly where the design owner does not wish to expose themselves to an adverse costs order.

The Society supports the proposed s73(2), consistent with the patents regime, which would require the design owner to be joined to the proceeding as a defendant unless the owner is joined as a plaintiff. Where the design owner who is fearful of an exposure to an adverse costs order is made a defendant, that party will avoid any adverse costs orders provided they do not participate in the proceeding.

It should finally be noted that the exclusive rights given to the registered owner under s10 of the *Designs Act*, resemble those under the definition of "exploit" in Schedule 1 of the *Patents Act*. Where it was previously thought that there could be a plurality of exclusive licensees in respect of different rights granted to the patentee, that understanding has been criticised: *Bristol-Myers Squibb Co v Apotex Pty Ltd (No 5)* [2013] FCA 1114 at [436] per Yates J. The result that may be expected is that the exclusive licensee of a registered design - and only that licensee - shall have the ability to use one or all of the rights granted under s10. The argument for a plurality of exclusive licensees of designs is even less likely to succeed than in the patent context because the rights are exhaustively listed in section 10 and not inclusive like the definition of "exploit". This underscores the importance of exclusive licensees having the ability to bring infringement proceedings.

If you have any queries regarding the contents of this letter, please do not hesitate to contact our Legal Policy team via [policy@qls.com.au](mailto:policy@qls.com.au) or by phone on (07) 3842 5930.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Luke Murphy', is written over a large, stylized blue circular flourish.

Luke Murphy  
**President**

