

28 August 2020

Mr. Paul Gardner
Director, Domestic Policy & Legislation
IP Australia
PO box 200
Woden ACT 2606 Australia

VIA EMAIL (consultation@ipaustalia.gov.au)

Re: Invitation to Comment on *Proposed Designs Amendment (Advisory Council on Intellectual Property Response) Bill and Designs Amendment (Advisory Council on Intellectual Property Response) Regulations and accompanying Explanatory Documents*

Dear Mr. Gardner:

Intellectual Property Owners Association (IPO) appreciates the opportunity to respond to IP Australia's invitation to comment on the proposed *Designs Amendment (Advisory Council on Intellectual Property Response) Bill* and the *Designs Amendment (Advisory Council on Intellectual Property Response) Regulations* (collectively, the "Draft Legislation") together with the accompanying Draft Explanatory Memorandum and Draft Explanatory Statement (collectively, the "Explanatory Documents").

IPO is an international trade association representing companies and individuals in all industries and fields of technology who own, or are interested in, intellectual property rights. IPO's membership includes 175 companies and close to 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members. IPO membership spans over 30 countries.

IPO advocates for effective and affordable IP ownership rights and offers a wide array of services, including supporting member interests relating to legislative and international issues; analyzing current IP issues; providing information and educational services; and disseminating information to the public on the importance of IP rights.

IPO submits the following comments in response to the invitation from IP Australia.

GRACE PERIOD

IPO supports the following measures that are included in the Draft Legislation:

- (a) the introduction of a 12-month general grace period;
- (b) the measurement of this grace period in relation to the priority date; and
- (c) the application of the grace period to the assessment of registered designs that are slight modifications of designs that were previously published or used by the registered owner.

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The Explanatory Documents note that the requirement to declare any disclosures would be determined following further stakeholder consultation. IPO recommends against requiring an applicant, when filing an application in Australia, to declare that it has made a prior disclosure within the grace period or to declare that it is claiming the benefit of the grace period. Imposing such a requirement would be unnecessarily cumbersome and could also prejudice an applicant who is not familiar with Australia's particular requirements in this regard.

PRIOR USE DEFENCE

Although IPO does not object to the introduction of a prior use defence in conjunction with the introduction of a grace period, it disagrees with certain aspects of the proposed legislation in relation to this defence.

Exemption for a “temporary cessation” in a third party’s prior use

Subsection 71A(2) provides, in part, that a third party can benefit from a prior use defence if the reason why it was not engaging in one or more of the acts set out in paragraph 71A(1)(a) or taking the steps set out in paragraph 71A(1)(b) immediately before the priority date of the registered design was because of a “temporary cessation” in the doing of such acts or the taking of such steps.

IPO is concerned that the term “temporary cessation” is vague and will create uncertainty when it comes to determining whether a third party’s actions immediately prior to the priority date should entitle it to claim the benefit of the prior use defence. For example, it is uncertain whether the “temporary cessation” exemption in subsection 71A(2) would only apply where a third party has, prior to the priority date, performed at least one of the acts set out in paragraph 71A(1)(a) or has taken definite steps to perform such acts but, due to a “temporary cessation” was not performing such act(s) as of the priority date or taking definite steps to perform such acts at such time. Alternatively, would the “temporary cessation” exemption in subsection 71A(2) potentially apply to a third party that has not performed any of the acts or steps set out in subsection 71A(1), but nevertheless was able to argue that this was due to a “temporary cessation” in its planned activities? Pending clarification of these issues, IPO may be able to provide further comment.

Derivation from registered owner of the registered design

IPO recommends that Subsection 71A(3) be modified to delete the language beginning with “unless the derivation...” so that it instead reads “Subsection (1) does not apply if the person derived the relevant design from the registered owner of the registered design or the registered owner’s predecessor in title.”

If the registered owner has made a public disclosure of its design within the grace period but has subsequently filed a timely application for its design, a third party should not be able to rely on the prior use defence in circumstances where it has copied the registered design.

Instead, it should only be able to rely on the prior use defence where it has independently created its design.

Additionally, in response to the consultation question posed by IP Australia in relation to this section, IPO recommends that the expression “derived the relevant design from the registered owner” be replaced with language along the lines of “obtained knowledge of the relevant design, directly or indirectly, from the registered owner.” In IPO’s view, the expression “derived the relevant design from the registered owner” might imply a requirement that there be communication between the registered owner and the third party before the third party could be said to have “derived” its design from the registered owner. Instead, the standard should be whether the third party based its design on the knowledge that it acquired relating to the registered owner’s design.

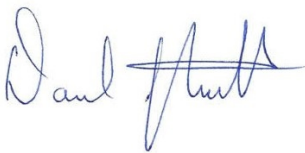
Extension of prior use defence to assignees

Subsection 71A(4) extends the prior use defence to assignees. The Explanatory Documents note that “The limited right of disposal is intended to permit prior users reasonable flexibility in transferring their business, while not permitting the prior use right to be licensed and partially assigned as if it were a registered property right.”

IPO notes, however, that the Draft Legislation would permit a prior user to freely assign its prior use defence to any third party independent of the underlying business. IPO recommends that the prior use defence be treated as personal and only capable of assignment to a person who has acquired the underlying business with respect to which the prior user engaged in the protected acts or steps.

We again thank IP Australia for permitting IPO to provide comments and would welcome any further dialogue or opportunity to provide additional information.¹

Sincerely,



Daniel J. Staudt
President

¹ The positions that are stated above are those of IPO alone in the context of this consultation. IPO notes that it is a member of the Industry Trilateral, which is working on a comprehensive patent harmonization package, and IPO expects that the positions taken by the Industry Trilateral in order to achieve global harmonization will differ in some respects from the positions taken above.