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Attn: Paul Gardner and Martin Heymann  
IP Australia  
PO Box 200  
Woden ACT 2606

Dear Sirs

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

Thank you for the opportunity to make submissions in relation to the Exposure Draft of the *Designs Amendment (Advisory Council on Intellectual Property) Response Bill 2020* and accompanying Draft Explanatory Memorandum. Our comments are below.

**Schedule 1 – Grace Period**

Gilbert + Tobin supports the introduction of a 12 month grace period and broadly support the wording of the new provisions. We note that design applicants who have previously filed overseas will not be eligible for the grace period and must rely on the 6 month convention priority period. However, the 12 month grace period will effectively preserve the rights of those many applicants who, through ignorance or inadvertence, publish, exploit or otherwise disclose their design in the prescribed circumstances.

**Consultation question 1:** 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?

**G+T response:** We consider there to be some risk that the expression “predecessor in title” will be read down to the entitled person’s immediate predecessor in title. On this reading, the term would not capture persons from whom entitlement to apply was originally derived from an earlier predecessor in title. To avoid potential ambiguity, we suggest that the provisions be amended to refer to “any predecessor in title.”

**Consultation question 2:** 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?

**G+T response:** In our view, an employed designer would not ordinarily be an agent of the employer unless they were given actual or ostensible authority to perform relevant actions or enter into relevant agreements on the employer’s behalf. Even assuming an employed designer were appointed as an agent of the employer, it is doubtful whether their disclosure of a design to a third party (in circumstances which under the current law would invalidate the design) would be within the scope of

the employee's actual or ostensible authority. Accordingly, the doctrine of agency would not, in our view, bring the disclosure within the grace period.

Similarly, disclosure could not be attributed to the employer as a "successor in title" of the employee. This is because (a), the employee is not considered the first holder of the entitlement to apply; rather, the employer is; and (b) there is a conceptual difficulty in treating the employee's disclosure as a chose in action or right which the employer takes as successor in title.

We suggest that the new provisions contain express language that bring disclosures by employees to which s 13(1)(b) applies within the scope of the grace period exemption.

In relation to a contractor, we note that the "other party" will not automatically own the design rights created under the contract unless there is an active assignment of those rights to the "other party". As the use of contractors is common to many businesses, particularly SMEs, we submit the coverage for employee disclosure should equally include contractors as well.

We have no comments to make in relation to the proposed new s 17(1C) of the Act.

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

**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. ... 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?

**G+T Response:** Consideration should be given to aligning the relief provisions in the Designs Act with the "innocent infringer" provision contained in s 123 of the *Patents Act 1990* (Cth). That provision states that a court may refuse to award monetary remedies in the case of innocent infringements (the defendant being required to satisfy the court that they were not aware, and had no reason to believe, that a patent for the invention existed). The section preserves the ability of plaintiffs to seek injunctions for innocent infringements.

#### **Schedule 3 – Registration of designs – removal of publication option**

Gilbert + Tobin supports the proposed removal of the publication option, which served no useful purpose.

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

**G+T response:** We are comfortable with this proposal and understand IP Australia's desire to reduce the administrative burden associated with the status quo. However, IP Australia should notify all design applicants at the time of filing, if not also around 5 months into the 6 month "hold" period, that if they take no action by the end of the 6 month term, their design will be examined for compliance with formalities and published on IP Australia's public database if it meets the minimum filing requirements.

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

Gilbert + Tobin agrees with the proposal to provide exclusive licensees with standing to commence an infringement proceeding against third parties. This aligns the position under designs law with the

positions under patent law (s 120 *Patents Act 1990* (Cth)), trade mark law (s 26(1)(b) *Trade Marks Act 1995* (Cth)) and copyright law (s 119 *Copyright Act 1968* (Cth)).

## **Schedule 6 – Other amendments**

### **Part 1: Standard of the informed user**

No comments.

### **Part 2: Revocation of registration of a design**

We agree with the proposal to include new ss 93(3)(A) which aligns the statutory position under the *Designs Act 2003* (Cth) with s 138 of the *Patents Act 1990* (Cth). The inclusion of a “*just and equitable*” limitation provides guidance on the exercise of the Court’s discretion to revoke a registered design and addresses inadvertent errors which would otherwise allow for revocation of designs. Jurisprudence in relation to the exercise of this discretion under the *Patents Act 1990* (Cth) will provide some assistance to understanding the scope of this discretion under the *Designs Act 2003* (Cth).

Yours faithfully  
**Gilbert + Tobin**



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