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Paul Gardner  
Director  
Domestic Policy & Legislation

Dear Director

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

Thank you for the invitation to provide views on the exposure draft of the *Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020* and the *Designs Amendment (Advisory Council on Intellectual Property Response) Regulations 2020*.

FPA Patent Attorneys Pty Ltd (FPA) is an Australian based, private incorporated registered attorney firm that is wholly owned by QANTM Intellectual Property Limited (QANTM). FPA is an incorporated patent attorney business and advises both local and overseas owners of designs in relation to the protection of their designs in Australia.

The comments provided herein have been prepared by some of the Principals of FPA who advise clients in relation to Australian registered designs. The comments represent personal views that may not necessarily be shared by FPA or QANTM. As requested, we have sought to limit the comments to any unintended consequences of this legislation or issues with the drafting, rather than on the policy that underpins the amendments.

The headings below reflect the headings in the Draft Explanatory Memorandum.

### **Schedule 1 – Grace period - Item 1: Subsection 17(1)**

**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?*

Noting that section 14(1)(b) defines *registered owner* as each person entered in the Register at a particular time, we believe the provision is sufficiently clear that it is intended to cover predecessors in title of each of the owners in the case of two or more owners.

**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?

It appears that there is an argument that s 13(1)(b) specifies that an employee/contractor designer is never entitled to be entered on the Register and therefore cannot be a predecessor in title. The wording of this section may be contrasted to, for example, s 15 of the *Patents Act 1990*.

Employees and contractors can act independently to publish material, with or without being an agent of the IP owner. It appears that even an authorised publication may not necessarily be as an agent of the owner.

Leaving it doctrines of agency to determine whether the grace period is available is problematic. For example, having to make inquiries into whether the publication was by an agent of the owner would add very substantially to the complexity of the grace period provisions. Applicants, examiners and their attorneys will all need to be consider the substantial body of law on agency in order to understand the extent of the grace period provisions. This appears to be highly undesirable, adding complexity and cost where it does not appear to be required.

Therefore, while the strength of an argument that employees/contractors are not covered by the grace period under one or both of the predecessor in title or as agent of the owner may be debated, the issue presents a problem and we submit that the grace period should explicitly cover publications by all persons specified in s 13(1)(b).

**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?

The combination of the proposed exclusion with the inclusion in the prior art base of unpublished earlier applications (s 15(2)(c)) may achieve the intended exclusion to registrability.

There may be an unintended consequence of providing no remedy to a design owner in the instance that the Registrar's publication is not authorised. Inadvertent publication by the Registrar may have equal consequences to the owner as any other unauthorised publication.

We query whether it is intended to include the distinctive limb in relation to publications by the Registrar or overseas equivalent. For example, an applicant may develop two similar designs and file both within a year. If the second designs ends up being the commercially relevant design the scope of protection to that design is substantially limited by the registrability of only the first design.

If not, this issue could be addressed by making subsection (1) specific to the inquiry into "new" and adding a new subsection for the inquiry into "distinctive" that leaves out the exclusions of the Registrar.

Having regard to s 15(2)(c), which also operates against applicants in this situation, the wording "in the period 12 months ending at the end of the day before the priority date" could be revisited for the inquiry into "distinctive". Parallels may be drawn to the interaction of the grace period with the whole of contents novelty provisions of the *Patents Act 1990*. This will help to alleviate the current tension that applicants face between operating under a first to file system and the potential for the applicant's own application to be prior art.

We query the indirect mechanism by which the prevention of double registrability is achieved, which appears to increase the risk of unintended consequences. Would a more direct and therefore appropriate mechanism be to not exclude Registrar publications from the grace period and instead prevent double certification of the same design, similar to the double patenting restriction on grant in s 64(2) the *Patents Act 1990*? For example, the restriction could be framed to prevent certification of any registered design that is not new when compared to an existing certified design.

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

As for publications by the Registrar mentioned above, there may be an unintended consequence of not providing a remedy to a design owner if a foreign national or international designs office publishes a design in error.

We query whether it is intended to introduce a grace period focussed on inadvertent disclosure. Another key reason for use of the grace period is to allow designers to test the market or conduct similar activities for a short period (12 months) before having to commit to the expense of a design application.

By excluding publications of foreign national offices, applicants may need to rely on the shorter six month convention period, especially if they need to file in a jurisdiction without a grace period and without deferred publication. Is it intended that the full grace period is not made available to designers who have a market in an overseas country that does not provide deferred publication? Is it also intended that the availability/duration of the grace period be made dependent on the law and practice of overseas jurisdictions as to when they publish applications?

**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?

Experience with the unauthorised disclosure provisions shows that fast republication is a common issue for owners facing (in those cases unauthorised) publication of their designs before the priority date. We welcome this simplification. The period in which the owner receives the benefit of this is limited to a maximum of 12 months, which should limit the commonality of instances of a need for a third party to prove independent creation and publication.

Subsection 17(1B) refers only to publications by the registered owner (or predecessor in title). We inquire whether there is a gap and if so, if there is intended to be a gap for publications authorised by the owner. For example, an owner may authorise a marketing agency, a distributor, an online or physical retailer or another third party to handle the first public use or publication of their design. Should s 17(1B) also provide that if the registered owner establishes that the earlier publication was authorised by it, then the owner also receives the benefit of the presumption?

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

Subsection 17(1C) seems clear when the explanatory materials are also considered. Perhaps a more direct and clearer way to achieve the same result is to amend section 18(2) to add a third requirement (c) that the previous use is not to be disregarded under subsection 17(1)?

**Other comments:** subsection 17(1)(b) states “another person or body (other than the Registrar or a person or body mentioned in subsection (1A))”. Subsection 17(1A) defines “the persons or bodies” of subsection 17(1)(b). We suggest considering for improved clarity using a label to distinguish the two person or body references, so that it is abundantly clear that s 17(1A) refers to the second instance of person or body in s 17(1)(b). We note that analogous labels are used in other sections, e.g. proposed s 17(1B)(a) to provide clarity on what design is referred to in s 17(1B)(b).

## **Schedule 2 – Prior use defence**

**Consultation question:** 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?

We are unclear as to what relief is contemplated here. Any relief that provides a mechanism for someone to use another's design simply because they learned of it and started commercialising it before the design was registered would in our view be highly undesirable. For example, if relief from infringement were provided, we would anticipate having to advise clients to consider delaying launch of their products until after registration. While we do not have data on the potential cost of this to businesses who need registered design protection, it appears clear that the cost could be very substantial.

**Other comments:** Is it intended that the prior use defence applies if the prior user copied the owner's design? Is that appropriate given that definite steps to exploit a design can be rapidly and easily achieved?

As understood, the prior use defence will apply even where the prior user deliberately copies (or intends to copy) the owner's design. Furthermore, the 'definite steps' to exploit a design can be rapidly and easily achieved: for example, neither *offering* to sell nor *offering* to make require any significant time or financial investment.

The current provisions seem unfair to owners of registered designs. Further, they may be viewed as encouraging copying – if you *don't* copy, you miss out on the advantages of being a prior user. A fairer balance may be that only those who can prove that they have independently developed the design receive the benefit of the prior use defence.

### **Schedule 3 – Registration of designs**

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

We do not see any unintended consequences and do not anticipate any on the understanding that the amendments intend that the application process will proceed in the same way as if the applicant had requested registration on the six month date.

Yours sincerely

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