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27 August 2020

Attention: Mr Paul Gardner

**Confidential**

Dear Mr Gardner

**Exposure Draft of Designs Amendment Bill 2020 – Submission**

1. This is a submission by [REDACTED] in response to 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.
2. [REDACTED]  
[REDACTED]  
[REDACTED] We note for the purpose of this submission, that comments sought are limited to unintended consequences with drafting and feedback to questions highlighted in the explanatory memorandum only. We list below our comments to some of the highlighted questions that particularly concern us.

**Subsection 17(1) – Grace Period**

3. The Grace Period as proposed, will provide some comfort to design applicants for unforeseen circumstances where there has been inadvertent publication and for those who are new to the design registration process and perhaps are seeking protection after creating and publishing a design without knowledge of the process. However, given the broad reach of the prior use defences, our clients will be advised to continue the application process as they currently do and submit applications before publication. The net effect is that the grace period will do little to change our clients' approaches to registration or incentivise any extended investment in the design process. It may encourage those who are new to the process to invest.

*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?*

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4. Given that a number of members of a design team may have input into and access to a design in the development process prior to registration, it is important that the acts of employees or contractors be imputed as the act of the company where the registered owner is a corporation.

#### **Proof of Derivation of published design – subsection 17(1B)**

**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?*

5. The most common defence to an act of infringement that we experience is that the copy is not identical or substantially similar in overall impression to the registered design. If an infringement application is brought before the court under the Designs Amendment Bill 2020 – following examination of the design – we query whether this rebuttal will change the order of proceedings in that the issue of whether a design has been copied instead becomes an issue of whether a design is registerable with the balance of proof being on the party rebutting the allegation.

#### **Prior use defence – section 71(A)(3)**

**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?*

6. The stated objective of IP Australia is to support innovation by encouraging investment in research and technology in Australian. However, by introducing the prior use defence concept under section 71(A)(3), IP Australia is enabling copiers with a list of infringement exemptions including that the infringer “took definite steps to offer to make a product in relation to which the design became registered...”
7. In our experience, infringers have generally relied on an argument of prior art invalidating a design certification or an argument that the designs are not identical based on a list of their dissimilarities. Awareness of registration has never been raised. Had any of the infringers been aware of a design registration before copying, we believe that they would have refrained from making the copy. Accordingly, by introducing the grace period and prior use defences, the end result will be to facilitate the copiers by opening up a broader range of defences available to copiers.
8. The provisions in 71A will provide further defences to infringers and lead to increased complexity for registered design holders prosecuting infringements and potentially more costly litigation.
9. It will also complicate the examination process. For holders of registered designs, the ability to have a design examined expeditiously is important as copiers can cause significant damage to a brand and swift action is required to protect the brand value incorporated in the registered design. Should the provisions of the prior use defence lead to extensive delays in issuing examination certificates and enabling holders of registered designs to commence legal proceedings, this will be harmful to the process and a disincentive to seek registration.

10. If IP Australia were to take this a step further by providing relief during the period between filing and registration, this would create further uncertainty for the design holder and would be a significant factor dissuading designers to apply for registration.

## **Conclusion**

It is our view that while the new grace period provides a small measure of benefit to our existing clients, (and potentially more benefit to new clients) the extensiveness of the prior use defences create a real risk to the efficiency of the examination and prosecution processes.

We submit that there would be value in educating the public as to the application of the Design process, both for designers and copiers.

IP Australia's efforts in advancing the design registration system are much appreciated. Please don't hesitate to contact us if you wish to discuss this further.

Yours sincerely

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