

# Exposure Draft of *Designs Amendment (Advisory Council on Intellectual Property Response) Regulations 2020*

## Draft Explanatory Statement

July 2020



# Introduction

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This draft Explanatory Statement accompanies an Exposure Draft of the Designs Amendment (Advisory Council on Intellectual Property Response) Regulations 2020, which is proposed to implement a number of measures in the Exposure Draft of the Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020.

IP Australia invites interested parties to provide either written submissions or complete a survey on the draft legislation and explanatory materials by **28 August 2020**.

We are seeking comments on the draft legislation, in particular on any unintended consequences of this legislation or issues with the drafting, rather than on the policy that underpins the amendments as this has already been agreed to by the Government.

Please note that the draft Explanatory Statement is still being developed and is intended only as a guide to assist with the interpretation of the draft legislation. IP Australia will undertake further editorial review and will finalise the text when a final version of the legislation is settled.

**To provide a written submission and/or complete the survey please visit our consultation website.**

For accessibility reasons, please submit responses by email in Word, RTF, or PDF format.

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IP Australia acknowledges the Aboriginal and Torres Strait Islander peoples of Australia. We acknowledge the traditional custodians of the lands on which our agency is located and the places around Australia where we work and conduct our business. We pay our respects to ancestors and Elders, past and present and emerging. IP Australia is committed to honouring Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

IP Australia acknowledges that the cultural expressions of Aboriginal and Torres Strait Islander people such as art, crafts, stories, symbols and icons can inspire, or be used in, designs. Where these cultural expressions are used inappropriately, it can cause great offense and hurt to the custodians of that knowledge. IP Australia is looking at the protection and management of Indigenous Knowledge (IK) in the IP system and what we can do to support new economic opportunities and promote cultural integrity.

Information about our IK work is available on the IP Australia website at

[www.ipaustralia.gov.au/indigenous-knowledge](http://www.ipaustralia.gov.au/indigenous-knowledge). You can also register to our [mailing list](#) if you would like to be updated on our IK work, including future consultations.

We always want to hear from you. If you have any input on issues not covered by this consultation, please let us know via our [policy register](#), which details the issues we are considering or working on for policy or legislative action.

# Privacy Notice

Personal information is collected by IP Australia during this public consultation for the purposes of gaining stakeholder insights and comments on the proposed amendments to the Design Rights legislation and regulations, and is protected by the *Privacy Act 1988 (Privacy Act)*.

Should you consent to your submission being published, your submission, along with any personal information you provide as part of that submission, will be published on IP Australia's website. Information published online may be accessed world-wide, including by overseas entities. Once the information is published online, IP Australia has no control over its subsequent use and disclosure. You acknowledge and confirm that Australian Privacy Principle (APP) 8 will not apply to the disclosure. If any overseas recipient handles your personal information in breach of the APPs, you acknowledge and agree that IP Australia will not be accountable under the Privacy Act and you will not be able to seek redress under the Act.

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Where contact details are provided, IP Australia may also contact you by telephone or email to discuss your submission, the outcome of the consultation and to inform you of further progress and consultation on these legislative proposals that we think may be of interest to you.

A request made under the *Freedom of Information Act 1982* for access to a submission marked confidential will be determined in accordance with that Act.

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- how you may seek access to and correction of the personal information we hold;
- how you may make a complaint about a breach of the Privacy Act and how we will deal with your complaint; and
- IP Australia's privacy contact officer details.

By making a submission, you provide your consent to your personal information being handled in accordance with this privacy notice and the Privacy Policy (linked above).

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# Overview of Designs Amendment (Advisory Council on Intellectual Property Response) Regulations 2020

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## Designs Amendment (Advisory Council on Intellectual Property Response) Regulations 2020

Issued by the Authority of the Minister for Industry, Science and Technology

*Designs Act 2003*

## Legislative Authority

Subsection 149(1) of the *Designs Act 2003* ('Designs Act') provides that the Governor-General may make regulations prescribing matters: required or permitted by the Designs Act to be prescribed; or necessary or convenient to be prescribed for carrying out or giving effect to the Designs Act.

The Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020 ('Amendment Bill') will amend the Designs Act to give effect to recommendations of the former Advisory Council on Intellectual Property (ACIP), as well as making other improvements to the Designs Act.

The Designs Act does not specify any conditions that must be met before the power to make the Regulation may be exercised. The Amendment Bill will not alter this status.

## The Regulations

The Designs Amendment (Advisory Council on Intellectual Property Response) Regulations 2020 ('Amendment Regulations') amend the *Designs Regulations 2004* ('Designs Regulations') to prescribe matters required under the provisions of the Designs Act as amended by the Amendment Bill.

## Purpose of the Amendment Regulations

The Schedules to the Regulations amend the Designs Regulations as follows:

### Schedule 1 — Grace period

- Consequential amendments following the introduction of new grace period provisions by the Amending Bill.

### Schedule 2 — Registration of designs – removal of publication option

- Consequential changes following removal of the publication option by the Amending Bill.
- Requests for withdrawals made ineligible for extensions of time.

### Schedule 3 — Priority date where application for protection made in a Convention country

- Provides consistency between the requirements for entitlement to own a registered design and the requirements for making a Convention application (an application based on an earlier application in a country party to the *Paris Convention for the Protection of Industrial Property*).

#### Schedule 4 – Formal requirements

- Makes necessary changes to implement the replacement of the formal requirements in Schedule 2 by a non-legislative instrument made by the Registrar of Designs under new section 149A of the Designs Act inserted by the Amending Bill.

#### Schedule 5 – Application and transitional provisions

- Sets out how the amendments in Schedules 2, 3 and 4 will apply in certain circumstances.

## Regulation Impact Statement

The Office of Best Practice Regulation ('OBPR') has advised that no Regulation Impact Statement is required to be prepared for these amendments. The OBPR reference numbers are provided below.

Schedule 1 – Grace period: 19464

Schedule 2 – Registration of designs – removal of publication option: 17566

Schedule 3 – Priority date where application for protection made in a Convention country: 19468

Schedule 4 – Formal requirements: 25347

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# Details of the Designs Amendment (Advisory Council on Intellectual Property Response) Regulations 2020

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## **Clause 1: Name**

This clause identifies the instrument as the Designs Amendment (Advisory Council on Intellectual Property Response) Regulations 2020

## **Clause 2: Commencement**

Schedules 1, 2 and 4 will commence at the same time as the corresponding Schedules in the Amending Bill (i.e. Schedule 1, Schedule 3 and Schedule 5 of the Amending Bill).

Schedule 3 is to commence the day after the instrument is registered. This will ensure this beneficial provision applies immediately.

Schedule 5 is to commence the day after the instrument is registered. The Schedule contains application provisions which can commence immediately, even though some will not have any effect until other Schedules have commenced.

## **Clause 3: Authority**

This clause identifies the authority for this instrument as the Designs Act.

## **Clause 4: Schedules**

This clause provides that the Designs Regulations are amended as set out in the schedules below.

## **Schedule 1 – Grace period**

This Schedule makes consequential amendments following introduction of new grace period provisions by Schedule 1 of the Amending Bill. Since details of the grace period are no longer to be prescribed by the regulations, Chapter 2 is simply repealed.

Item 3(2) of Schedule 1 of the Amending Bill continues the effect of the repealed regulations for applications filed before commencement of that item.

## ***Designs Regulations 2004***

### **Item 1: Chapter 2**

[Chapter 2]

This item repeals the whole of Chapter 2. This Chapter contained provisions prescribing matters required to be prescribed by the old subsection 17(1). The new subsection 17(1) does not require that details of the grace period are prescribed by the regulations.

## Schedule 2 – Registration of designs – removal of publication option

This Schedule makes consequential amendments following the removal of the publication option, and other changes to the request for registration system, by Schedule 3 of the Amending Bill. Requests for withdrawals are to be ineligible for extensions of time.

### *Designs Regulations 2004*

#### **Items 1, 2, 4, 5, 6, 7, 10, 11**

[rr 3.02, 3.13, 3.15, 4.01, Part 4.4 of Chapter 4, 8.02; Chapter 4 headings]

These items remove references to publication of designs, given the removal of this option from the Designs Act by Schedule 3 of the Amending Bill.

#### **Item 3: Regulation 3.14**

[r 3.14]

This item substitutes a new regulation 3.14 to prescribe the period before a design application lapses. The old regulation 3.14 prescribed the period for the purposes of the repealed paragraphs 33(1)(a) and (b) of the Designs Act.

New subsection 33(1) provides for lapsing of design applications due to an applicant's failure to respond to the Registrar's notification under section 41 within a prescribed period. New regulation 3.14 prescribes this period to remain at two months from the date of the first notification, the same limit as existing paragraph 3.14(2)(a).

#### **Item 8: Subregulation 4.01(1)**

[r 4.01]

This item repeals subregulation 4.01(1), which prevented regulation 4.01 applying to requests under section 37 or subsection 38(2) or in subregulation 12.03(2). Sections 37 and 38 are being repealed by the Amending Bill, while subregulation 12.03(2) applies to designs excluded from "transitional applications", which can no longer be filed. Transitional applications refer to applications made under the old Act (*Designs Act 1906*) as they are not treated as applications under the current Act. Subregulation 4.01(1) is therefore no longer required.

#### **Item 9: Regulations 4.02 & 4.03**

[rr 4.02, 4.03]

This item repeals regulations 4.02 and 4.03, which prescribed matters for the purposes of sections 36 and 38 of the Designs Act. Section 38 is being repealed by the Amending Bill, while new section 36 deals with different subject matter to old section 36 and does not require the prescription of any matters.

#### **Item 12: At the end of regulation 11.13**

[r 11.13]

This item amends regulation 11.13 by introducing new subregulation 11.13(5), which sets out two "prescribed actions" for the purpose of the definition of relevant act in subsection 137(7) of the Act.

Section 137 of the Act provides for extensions of time, but only for relevant acts. A "relevant act" is defined by subsection 137(7) and excludes prescribed actions.



New subregulation 11.13(5) means that an applicant cannot obtain an extension of time to withdraw a design application or to withdraw a design (under subsections 32(1) and (2) respectively).

The period to withdraw a design ends when the design is registered (see r 3.13(2)(b)). The period to withdraw a design application ends when a design disclosed in the design application is registered (see r 3.13(1)(b)). Extension of the withdrawal period beyond registration is not practical. This is because registration of a design entails making it publicly available (section 60), which cannot be undone.

## **Schedule 3 – Priority date where application for protection made in a Convention country**

### *Designs Regulations 2004*

#### **Item 1: After paragraph 3.06(2)(c)**

[r 3.06]

This item replaces regulation 3.06(2) with new subregulation 3.06(2) which has references to existing 3.06(2)(a), (b) and (c) removed. These paragraphs specify who has made the basic application.

Australia is a party to the Paris Convention for the Protection of Industrial Property (Convention), which provides a right of priority. Under the Convention, a person who has made an application for protection of a design in a Convention country (the basic application) has the right, within six months from the date of the basic application in a Convention country, to claim priority of that date in an application in respect of the same design in any other Convention country.

Existing regulation 3.06(2) prescribes the priority date of a Convention application and who it must be made by. However, the former ACIP identified that this subregulation unnecessarily restricts Convention applications because a person may be entitled to own a registered design under section 13, but not entitled to make a Convention application. To resolve this inconsistency, the former ACIP recommended<sup>1</sup> that regulation 3.06 should be drafted consistently with the requirements for entitlement under section 13 of the Designs Act. The Government accepted this recommendation in its response to the ACIP review.<sup>2</sup>

The amendments remove references to existing paragraphs 3.06(2)(a), (b) and (c) to allow for anyone to file the Australian application within six months after the date the basic application was made and still retain the initial date of the basic application as the priority date. Anyone can be the applicant so long as the entitled person (defined in section 13) is entered onto the Register as the registered owner.

New subregulation 3.06(2) will ensure the rules regarding the identity of Convention applicants are consistent with rules relating to entitlement to designs under section 13 of the Designs Act.

## **Schedule 4 – Formal requirements**

### *Designs Regulations 2004*

Schedule 6 of the Amendment Bill amends the Designs Act to enable the Registrar to determine formal requirements in a non-legislative instrument. This schedule amends certain formal requirements contained

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<sup>1</sup> Advisory Council on Intellectual Property, [Review of the Designs System](#), Final Report, March 2015, p 38 (Recommendation 18a).

<sup>2</sup> [Government response – ACIP Review of the Designs System](#) (Recommendation 18a)

in regulations 1.04, 4.04, 4.05, 11.18A and 11.27 in line with the purpose of moving the formal requirements from the *Designs Regulations 2004* to a non-legislative instrument<sup>3</sup>.

## Items 1 to 15

[regs 1.04, 4.04, 4.05, 11.18A, 11.27, Sch 2]

Items 1 and 2 amend regulation 1.04 by clarifying the definition of an ‘approved form’. Some stakeholders consider that there is uncertainty as to the scope of the Registrar’s implicit power to approve a form under regulation 1.04. The amendments make the Registrar’s power to approve a form explicit.

Item 3 and 7 amend regulations 4.04 and 4.05 by inserting new paragraphs that prevent scandalous matter or matter that may be reasonably taken to be scandalous from being incorporated in an application. The amendments move this requirement from existing clause 8 of Schedule 2 of the Regulations to regulations 4.04 and 4.05 so it is considered as part of the formal requirements check.

Items 4-6 and 8-13 remove references to Schedule 2 in regulations 4.04 and 4.05 and retitle regulation 11.18A as a consequence of the introduction of section 149A into the Designs Act by the Amending Bill.

Existing regulation 11.27 relates to the handling of non-compliant documents other than a design application. Item 14 amends subregulation 11.27(3) by replacing the word ‘must’ with ‘may’. This will provide the Registrar with the discretion to return a document that does not comply with subregulation 11.27(2) or direct the person to do certain things under subregulation 11.27(3).

Item 15 repeals Schedule 2 of the Designs regulations as a consequence of the Amending Bill which enables the Registrar to determine formal requirements in a non-legislative instrument. The amendments permit the formal requirements to be assessed during the ‘formal requirements check’ as set out in a direction of the Registrar of Designs.

## Schedule 5 – Application and transitional provisions

This Schedule amends the Regulations to:

- set out how the amendments in Schedules 2, 3 and 4 to the Amendment Regulations will apply in certain circumstances; and
- save the operation of any repealed provisions, as necessary.

### *Designs Regulations 2004*

#### **Item 1: In the appropriate position in Chapter 12**

[rr 12.09, 12.10, 12.11]

This item inserts a new Part 4 to Chapter 12 to set out application provisions for Schedules 2, 3 and 4.

Regulation 12.09 makes transitional arrangements for the amendments in Schedule 2.

As with the changes in Schedule 3 of the Amending Bill (see item 36), the general rule is that the changes apply to design applications filed on or after commencement. This general rule is set out in subregulation (2).

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<sup>3</sup> <https://www.ipaustralia.gov.au/about-us/legislation/ip-legislation>

It follows that design applications filed before commencement that remain pending at commencement will be subject to the current system including the time limits in regulations 3.14 and 4.03 and the limitations in regulation 4.02.

Section 23 makes special provision for design applications in respect of designs excluded from an earlier application (called the “initial application”). The Amending Bill (item 36(1)) provides that the amendments to section 23 apply to initial applications filed on or after commencement. In the same way, subregulation (1) provides that the amendment of subparagraph 3.02(b)(ii) will apply to initial applications filed on or after commencement.

Regulation 12.10 makes transitional arrangements for the amendments in Schedule 3.

These provisions will apply to “basic applications” (as defined in r 3.06(1)) made on or after the commencement of the regulation. Whether or not the Australian application claiming priority is made before or after commencement does not determine whether the regulation applies.

Regulation 12.11 makes transitional arrangements for the amendments in Schedule 4.

Subregulation (1) preserves the effect of existing “approved forms”, by providing that approved forms existing at commencement continue to apply as if they had been approved under new subregulation 1.04(4A).

The formalities instrument to be made under new section 149A as added by the Amending Bill applies to both design applications and documents filed at the Designs Office other than design applications.

For design applications, subregulation (2) applies the changes to the Regulations consequential to new section 149A to applications filed on or after commencement, in line with item 5 of Schedule 6 of the Amending Bill.

For documents filed at the Designs Office other than design applications, subregulation (3) applies the changes consequential to new section 149A to documents filed on or after commencement. It follows even if an application was filed before commencement, if a document relating to the application is filed after commencement, the new formal requirements are applied.