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Mr Paul Loke
Productivity Commission
GPO Box 1428
CANBERRA ACT 2600

Submission on the Governments response to the Advisory Council on Intellectual Property's Recommendations – Review of the Designs System

The Australian Design Alliance (ADA) welcomes the opportunity to comment the Federal Governments response to the Advisory Council on Intellectual Property's (ACIP) Recommendations in its *Review of the Designs System*.

About the ADA

The ADA was established to harness the collective voice of the design professions and to work on areas of common interest to all members. The design professions want to see the economic, social and cultural benefits of good design realised for all Australians; a country that values good design and design thinking; that integrates design; and that promotes the very best of Australian design internationally.

The ADA's mission is: Promoting the use of DESIGN to boost Australia's productivity, sustainability and innovation.

There are now 13 members of the ADA:

- Australian Craft and Design Centres
- Australian Graphic Design Association
- Australian Institute of Architects
- Australian Institute of Landscape Architects
- Australian Network for Art and Technology
- Australian Production Design Guild
- Council for Humanities Arts and Social Sciences
- Council of Textile and Fashion Industries of Australia
- Design Institute of Australia
- Engineers Australia
- Good Design Australia
- National Association for the Visual Arts
- Planning Institute of Australia

Combined membership of our member organisations is close to 150,000 with a broader reach to over 500,000 design professionals.

[AdA] Response - ACIP Review of the Designs System

The [AdA] is encouraged in part by the Federal Governments responses to the ACIP recommendations. Although tentative (a quicker pace of reform is welcomed), acceptance of many of the recommendations indicate a move in the right direction towards harmonisation with Australia's international trading partners. [AdA] was also encouraged by the consideration being given to Australia's joining the Hague Agreement, a position [AdA] supports in principal.

[AdA] also welcomes further consultation with the design sector to establish non legislative measures. It is seeking a reduction in fees particularly for multiple design applications, a delay in publication periods to align with EU and US and changes to IP Australia's examination practice, to give consideration of a product in its active state, not just its resting state, when considering validity.

Following are the responses per ACIP recommendation;

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| <i>ACIP Designs Review</i> |
| <i>Recommendation 1</i> ACIP recommends that the Designs Act should be amended, as soon as practicable, to address anomalies identified by stakeholders and to adopt certain specific reforms that will bring Australian designs law into better alignment with equivalent laws of major trading partners, international treaties and proposed international treaties. |

[AdA] Response

[AdA] supports the ACIP recommendation 1.

A move towards international alignment will significantly benefit the Australian design sector.

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| <i>ACIP Designs Review</i> |
| <i>Recommendation 2</i> a. ACIP recommends that Australia promote efforts to harmonise and streamline procedures for acquiring international registered design rights. b. Australia should commence an investigation into the implications of joining the Hague Agreement, including consulting with WIPO. Australia should monitor usage of the Hague system and in particular whether usage of the system increases as a result of recent expansions of its membership. c. Australia should work actively through the Designs Law Treaty process to promote harmonisation of filing requirements. |

[AdA] Response

[AdA] supports Recommendation 2. a), b) and c).

The Designs System in Australia should be aligned with the Hague System or appropriate international equivalent. The difficulty for designers exporting to multiple markets is with the varying durations / technicalities for design protection in different countries and the associated costs.

ACIP Designs Review

Recommendation 3

ACIP recommends extending the maximum term of protection of designs to 15 years only if a decision is made to join The Hague Agreement.

[AdA] Response

[AdA] supports the ACIP recommendation 3.

However, [AdA] members believe the 15-year timeframe should be adopted irrespective of joining of The Hague Agreement. Currently Australian protection lapses after 5 years and because the bulk of the design registrations are not renewed, an extended period is mistakenly interpreted as not being required.

Analysis of the design registrations indicate a large percentage fall within fast moving consumer goods category e.g. home appliances or clothing. The protection period should not disadvantage nor discourage a diversity of innovative products and services that have a longer life e.g. medical devices.

ACIP Designs Review

Recommendation 4

ACIP recommends changing the terminology for a registered but uncertified design to make it clear that the design does not, until certification, confer enforceable rights. ACIP suggests the term 'uncertified design' should be used.

[AdA] Response

[AdA] supports the ACIP recommendation 4.

[AdA] is aware of a number of design certifications being developed within the design sector e.g. Designed in Australia and Registered Designer. It believes that the Government and design sector would benefit from a stronger relationship in policy development to leverage the opportunity. This includes aligning registration programs enshrined in legislation with certification and professional development programs conducted by the industry etc.

ACIP Designs Review

Recommendation 5

ACIP recommends removing the option of the publication regime (i.e. without registration) from the designs process.

[AdA] Response

[AdA] supports the ACIP recommendation 5.

ACIP Designs Review

Recommendation 6

ACIP recommends requiring a request for examination of the design by the first renewal deadline (five years).

[AdA] Response

[AdA] supports the ACIP recommendation 6.

[AdA] believes this should be implemented irrespective of Australia joining The Hague Agreement.

ACIP Designs Review

Recommendation 7

ACIP recommends introducing a system of opposition following certification, if recommendation 6 is accepted.

[AdA] Response

[AdA] supports the ACIP recommendation 7.

[AdA] believes this should be implemented irrespective of Australia joining The Hague Agreement.

ACIP Designs Review

Recommendation 8

- a. ACIP recommends improving the process for multiple design applications by reducing the fees for each additional design added to the application, in accordance with the original proposal of the ALRC.
- b. ACIP further recommends that details regarding the eligibility of designs for inclusion in a multiple design application be developed with a view to consistency with relevant international treaties and proposed international treaties and harmonisation, if possible, with requirements in other major offices where Australians are likely to file design applications.

[AdA] Response

[AdA] strongly supports the ACIP recommendation 8.

- a. IP Australia's current fee review 2016 has offered no reduction in fees. This creates a barrier particularly for startups and SMEs. In addition to those companies launching a range of products. If the financial barrier to entering the design registration process was reduced, then greater revenue could be recovered at the examination stage (Recommendation 6) the 5-year mark when examination and filing is requested and designers have a better understanding of their designs financial performance.
- b. [AdA] has examples of Australian designers wishing to register multiple designs, using international alternatives to secure their design protection in a cost effective way e.g. Knog bicycle light example and Canadian registration. This results in a loss of revenue for the Australian Government and is evidence of the inability of the Australian design registration system to adequately meet the needs of industry.

ACIP Designs Review

Recommendation 9

ACIP recommends automatic publication at six months after the filing date, with the possibility to request publication earlier if desired, and with an amendment to the innocent infringer defence in subsection 75(2) of the Designs Act.

[AdA] Response

[AdA] does not support the ACIP recommendation 9.

[AdA] notes the options open to designers for either design registration or publication and the limited use of the publication regime. The timeframe however should be linked to the **priority date** and not the filing date.

The unintended consequences at present for particular applicants are that for example US lodged applications can receive a 12-month period before publication. This creates an incentive to initially register designs offshore and results in a loss of revenue for the Australian Government and a loss in confidence for the Australian design registration system.

ACIP Designs Review

Recommendation 10

ACIP recommends retaining the requirement of distinctiveness and section 19 of the Designs Act in its current form.

[AdA] Response

[AdA] supports the ACIP recommendation 10.

ACIP Designs Review

Recommendation 11

ACIP recommends allowing amendment of the Statement of Newness and Distinctiveness in ways that identify particular visual features of the design as new and distinctive, up to the point of certification.

[AdA] Response

[AdA] supports the ACIP recommendation 11.

Given the rapid rate of technological and advanced material change, [AdA] believes that designers who are important influences of the fabrication and manufacturing process should have maximum flexibility up to the point of certification.

ACIP Designs Review

Recommendation 12

ACIP recommends introducing a grace period of six months before the filing date, together with a prior user defence. Applicants who rely on the grace period to protect the validity of their design rights should be required to file a declaration to that effect.

[AdA] Response

[AdA] supports the ACIP recommendation 12

Further consultation is welcomed as long as it does not result in extensive delays.

ACIP Designs Review

Recommendation 13

- a. ACIP recommends retaining the current requirement that protection relates to the visual appearance of a whole product.
- b. ACIP recommends that, in investigating opportunities for international cooperation in design application processes and requirements with other offices overseas, IP Australia consider whether allowing partial product registrations would enhance harmonisation of application requirements in a way that would substantially advantage Australian applicants. If significant advantages to Australian applicants can be shown and IP Australia can confirm that such protection does not give rise to substantial practical or legal issues overseas, then ACIP would support reform of Australian law.

[AdA] Response

[AdA] supports the ACIP recommendation 13 a) and b).

[AdA] is encouraged by the Government's understanding of the benefit of aligning Australia's designs system with those of key trading partners for Australian applicants seeking international protection. And also the need to monitor closely the international position on allowance of partial product registrations.

[AdA] would like to add the following observation; the move towards interoperability, componentry and modulation, local assembly and disassembly are key trends that have emerged from the drive to sustainable products and services.

Design process is often not sequential nor easily defined. Partial product registrations may provide Australian interests with a competitive advantage and secure its position as an ideal product development market for the rest of the world as well as supporting the Governments 'Ideas' agenda.

ACIP Designs Review

Recommendation 14

ACIP recommends that the treatment of virtual or non-physical designs be reconsidered, for example by allowing consideration of the product in its active state, not just its resting state, when considering validity.

[AdA] Response

[AdA] supports the ACIP recommendation 14.

[AdA] is concerned at the lack of Government appetite to embrace the virtual or non-physical designs platform given its 'Ideas' agenda and urges that Australia should move towards harmonisation with key jurisdictions in this regard to benefit Australian interests.

ACIP Designs Review

Recommendation 15

ACIP recommends that steps should be taken to make section 18 of the Designs Act consistent with the overlap provisions of the *Copyright Act 1968*.

[AdA] Response

[AdA] supports the ACIP recommendation 15.

ACIP Designs Review

Recommendation 16

ACIP recommends the Government consider introducing (with appropriate resourcing of Customs) border protection measures that align with the Trade Marks and Copyright Acts (Notice of Objection Schemes) to allow for the seizure by Customs of alleged design infringements which are identical to certified designs.

[AdA] Response

[AdA] supports the ACIP recommendation 16.

[AdA] believes this would not be out of the realms of possibility. Its notes the Governments preventative concerns such as resources and practicalities to this recommendation being adopted.

However, [AdA] believes that the Government with the collaboration of the design sector and a regime which combines a legislative framework, random sampling / testing, a marketing campaign, and publication of the offenders would act as a considerable deterrent. The REACH product safety regime in Europe is an example of how legislation, marketing, testing and publication can be work effectively as a deterrent. See recommendation 4.

[AdA] agrees with the Government argument that the Designs Act does currently provide rights holders with opportunities to take action domestically through the courts, however the opportunities are 'by and large' limited and claims generally small.

For SMEs the amounts claimed in damages are further reduced once legal costs are deducted. This is particularly relevant on designs that would be classed as 'low ticket items' or fast moving consumer goods. Couple this with the costs associated with designers registering ranges (multiple designs) and the avenues open to designers to seek redress are in reality limited.

ACIP Designs Review

Recommendation 17

ACIP recommends retaining section 71 of the Designs Act in its present form.

[AdA] Response

[AdA] supports the ACIP recommendation 17.

ACIP Designs Review

Recommendation 18

ACIP recommends amending the legislation as soon as practicable to address specific anomalies identified by stakeholders and listed by ACIP below. ACIP considers that these amendments would improve the operation and consistency of the Act and in some cases, consistency with other IP systems.

The Designs Act and/or the *Designs Regulations 2004* should be amended to ensure:

- a. That rules regarding the identity of Convention applicants are consistent with rules relating to entitlement to designs;
- b. That international Convention applicants are not disadvantaged in cases where formal requirements differ between jurisdictions, by expanding the rules relating to priority claiming;
- c. Courts have the power, similar to that available under the *Patents Act 1990* to refuse to revoke a design registration on the basis of lack of entitlement of the named applicant in appropriate circumstances;
- d. Design registrations are revocable on the basis of a lack of entitlement at the time of the revocation proceeding (rather than at the time of registration);
- e. The prior art base against which newness and distinctiveness is considered is expanded to include designs for products other than the product the subject of the registered design;
- f. The ground of revocation on the basis of fraud, false suggestion or misrepresentation extends to fraud, for example, during certification (not just registration);
- g. The opportunity to amend is broadened to allow for amendment other than to overcome a ground of revocation;
- h. Exclusive licensees have the right to bring proceedings for infringement; and
- i. Grace periods for renewal deadlines align with other IP Rights.

[AdA] Response

[AdA] supports the ACIP recommendation 18.

[AdA] eagerly awaits consultation on the exposure draft of the forthcoming Intellectual Property Laws Amendment Bill.

ACIP Designs Review

Recommendation 19

ACIP recommends no change to the trade mark/design overlap.

[AdA] Response

[AdA] supports the ACIP recommendation 19.

ACIP Designs Review

Recommendation 20

ACIP recommends no change to the Repair Defence.

[AdA] Response

[AdA] supports the ACIP recommendation 20.

ACIP Designs Review

Recommendation 21

ACIP recommends no change to the designs system at this time to respond to 3D printing and scanning technologies.

[AdA] Response

[AdA] notes the ACIP recommendation 21.

Lack of submissions should not necessarily be interpreted as ‘no problem’. It could also mean that the technology has a slow adoption rate because there is limited protection for 3D printed objects and scanning technologies.

For example, Standards Australia has recently reconvened its CS92 Committee for Clothing Sizes (men’s and women’s), with a view to re-introducing an Australian Clothing Standard. Standards are underpinned by body measurements. Today, population profiles are collected by scanning technologies.

A profile of the Australia population and the development of an aggregated database could hold 3D avatars which would require copyright and design protection for application in a broad range of industries.

Without a framework, the application of scanning technologies and 3D modelling is limited, and Australian consumers are denied easier ways in which to purchase goods that require fit, especially online purchases.

[AdA] encourages the Government to closely look at technological developments and their implications for the designs system.

ACIP Designs Review

Recommendation 22

ACIP recommends that Australia should not introduce protection for unregistered designs.

[AdA] Response

[AdA] notes the ACIP recommendation 22.

Whilst it could be argued that Unregistered Design Rights (UDRs) could undermine the current design system, UDRs do exist for a limited period with a number of Australia’s major trading partners. There is also a gap that exists in Australia between copyright protection and

commercialization of a design. [AdA] encourages further exploration in UDRs to give a designer the right to prevent others from copying their designs for a certain period without requiring them to register their design or satisfy an innovation threshold.

ACIP Designs Review

Recommendation 23

ACIP recommends that the role of the designs system be specifically included in any broader review of Australia's IP framework, such as a broader review that may be proposed in the Final Report of the Competition Policy Review.

[AdA] Response

[AdA] supports the ACIP recommendation 23.

Despite numerous approaches to Federal Government, designs role in Competition Policy is not widely understood amongst Ministers or Bureaucrats. The current Federal frameworks render the design role as largely invisible. And the gulf between copyright protection and design registration is where designers have disappeared.

Unfortunately for designers this establishes an undervaluation of the role of design that drives a cultural within the sector which relies mostly on its own resources, has limited confidence in the system and strives for recognition.

Undervaluation also hampers Australia's manufacturing sector that desperately needs design leadership to maintain a competitive advantage. And unfortunately for Australia, it is the missing ingredient in its innovation agenda.

States appear to have a better understanding of their creative sectors, particularly Victoria. However, without the will of the Federal Government to urgently embrace a platform which nurtures Australia's design capability and leads it towards harmonisation with Australia's international partners, the opportunity cost will continue to grow.

[AdA] urges the Federal Government to accelerate the adoption of the ACIP recommendations for a better Australian Design System which has now been in review since 2013.

Yours sincerely

Jo Kellock
CEO [AdA]