

8 August 2023

By email to: consultation@ipaaustralia.gov.au

IP Australia
Discovery House
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Attention: Lisa Bailey, Paul Gardner

SUBMISSIONS IN RESPONSE TO IP AUSTRALIA PUBLIC CONSULTATION FOR DESIGN REFORMS 2023

We thank IP Australia for the opportunity to provide feedback on the proposed reforms to Australian registered designs law.

Introduction

These submissions have been prepared by the New Zealand Intellectual Property Attorneys Inc, previously known as New Zealand Institute of Patent Attorneys, Inc (**NZIPA**).

NZIPA is an incorporated body representing most trans-Tasman patent attorneys registered and practising in New Zealand and who also practice in Australia.

The current membership of NZIPA comprises 172 Fellows, 3 Honorary, 10 Students, 10 Non-resident, 28 Associates and 2 Retired.

Overview

These submissions are presented in response to each of the proposed reforms to Australian designs law relating to:

- Virtual Designs
- Partial Designs
- Incremental Designs

Virtual Designs

NZIPA supports IP Australia's proposal to allow the registration of virtual designs to protect commercially used designs that are generated through electronic means. Such designs are increasingly common and are being recognised as worthy of protection in other jurisdictions, such as the United Kingdom. NZIPA considers that recognising virtual designs as being capable of protection in Australia will encourage innovation in this space and bring Australian designs law into closer alignment with those jurisdictions that already allow protection for virtual designs.

Definition of 'Virtual Product'

IP Australia's proposal is to include a definition of a virtual product in the Designs Act as 'an intangible thing, the use of which results in the display of visual features through electronic means'.

NZIPA considers that it is not necessary or desirable to include a separate definition of a virtual

product. To do so may raise clarity issues, such as whether a virtual product should be treated the same as a physical product when considering different sections of the Act. Instead, we prefer to adopt the approach taken in the United Kingdom in which the definition of ‘product’ is itself changed to include ‘graphic symbols’:

“Product” means any industrial or handicraft item other than a computer program; and, in particular, includes packaging, get-up, **graphic symbols**, typographic type-faces and parts intended to be assembled into a complex product (emphasis added).

NZIPA considers that this approach offers a simple solution and reduces the risk of clarity issues arising from differentiating ‘virtual products’ from ‘physical products’.

Including in the definition an exclusion to artistic works may help clarify that the product must be one used in a commercial setting.

Definition of ‘Visual Feature’

We agree with the proposed change to the definition of a ‘visual feature’ but suggest a minor modification: ‘visual features that appear for at least a limited time when the product is used in its normal way.’ This amendment would cover a design that only appears once a device is powered up or connected to a network, for example, but then remains visible because the normal use of the device is not to turn it off or disconnect it from the network. In other words, the design may be a virtual design, but once generated, the design remains visible during normal use of the product and not just for a limited time.

Description of ‘Product’

To enable effective searching, we agree that some form of product description is necessary, but we disagree with requiring a prescriptive product description. For example, NZIPA considers that a ‘user interface for a coffee machine’ is likely to be too prescriptive to provide useful protection to an appliance manufacturer, who may want to use the same or a similar design in relation to other appliances also, such as a blender, air fryer, etc. Instead, we would prefer to list the product as a ‘user interface for a household appliance’, for example. In our view, the more prescriptive the requirements are in relation to the product description, the less effective the design right.

Clarity of the Design

As with physical designs, we agree that the scope of protection sought for a virtual design must be clearly defined.

Newness and Distinctiveness

We agree that the existing criteria for newness and distinctiveness could be used to assess the registrability of virtual designs.

Infringement

We agree that primary infringement of a virtual design should occur when the design is ‘made’ by writing and compiling source code that results in a program that, when run, produces relevant visual features.

Copyright Overlap

NZIPA finds the copyright exclusions for 3D designs to be confusing, especially when considering virtual

designs, which may appear in 2D form and in 3D form and may be purely aesthetic or may be a combination of aesthetic and functional. To distinguish between these different forms of designs based on whether they appear in 2D or 3D and to use that distinction to limit the protection available to 3D designs appears to us to be unjustified. NZIPA is of the view that the Designs Act should serve to protect both 2D and 3D designs appropriately. The Copyright Act may need to be reconsidered separately.

Existing Design Registrations for Virtual Designs

NZIPA would support any changes that clarify the registrability of registered designs and pending design applications for virtual designs that were filed before the proposals come into effect. NZIPA is of the view that the Designs Act has lagged behind industry in not clearly allowing virtual designs to be registered to date. NZIPA would support transitional provisions that allowed existing virtual design registrations and applications to be considered as relating to a 'product' under the proposed changes.

Responses to Questions

1. Do you support IP Australia's approach (outlined in this paper) to implementing virtual designs protection in Australia? If not, why not?

Yes.

2. Are there any particular risks or unintended consequences that would arise from the proposal?

Please see our comments above in relation to the definitions of 'product' and 'visual feature', and in relation to the description of the product connected to the virtual design.

3. Are there any particular types of virtual designs that should or should not be protected (for example, fonts, holograms, etc.)?

Provided that the design is used in commerce then NZIPA considers that it should be protectable. Fonts are created and sold and therefore should be protectable (as they are under the UK definition of 'product'). Holograms are another form of displaying a virtual design and should also be protectable, such as with a product description of 'hologram'.

4. Would the copyright/design overlap provisions give rise to significant uncertainty, or unintended consequences, if designs protection is extended to virtual products? Do you think designs for virtual products should be treated in a particular way for the purposes of the operation of the overlap provisions?

NZIPA considers that there will be uncertainty as to whether a 2D or 3D virtual design will be covered by the Copyright Act, but NZIPA considers that this issue should be dealt with separately by looking at the provisions of the Copyright Act.

Partial Designs

NZIPA supports IP Australia's proposal to allow partial designs to clearly protect part of a product, but we have some concerns regarding clarity, forum shopping, and overlap with trade mark law if partial designs are used to protect logos. Such a development would also require the examination of a design application to include a search of the trade marks database. We question whether logos should be the subject of a registered design.

NZIPA also questions whether such significant changes to the law are required to protect partial designs or

whether such designs can be protected by amending the Designs Act to make it clear that disclaimed features do not form part of the design and should not be taken into consideration when assessing newness and distinctiveness or infringement of a design.

Applying to Register a Partial Design

If this proposal is implemented then NZIPA considers that partial designs should be treated as a subset of standard designs throughout the application and prosecution process, and also when considering infringement.

Indicating the Partial Design

We agree with the proposal to remove the Statement of Newness and Distinctiveness and instead include a written claim to clarify the scope of protection sought.

In patents, a claim can only be a single sentence. In New Zealand design law, a statement of novelty forms the claim, and it is traditionally considered that the statement should also be a single sentence (although that is not enforced by IPONZ). Will a written claim for an Australian design application be limited to a single sentence? If so, then it would be useful for the Act to make this clear and to also make clear what should and should not be covered by the claim.

Familiar Person

With regard to determining if the representations and claim are sufficiently clear, NZIPA does not consider it necessary to include the standard of a familiar person and we question whether this will include more uncertainty in regard to case law (for example, a consumer may have a different concept of clarity to an expert or skilled tradesperson). However, if a standard is to be introduced, it seems appropriate to use the familiar person standard.

Identifying Products

We agree that partial designs may be difficult to search if they are not limited to a particular product group, but we do not agree that a prescriptive product description is appropriate.

For example, if a jeweler designs a new shape of gemstone, the jeweler should be able to protect that gemstone in relation to a product that is 'an article of jewelry', without limiting the product to 'a ring' or 'a necklace', or 'a bracelet', for example.

Similarly, an image applied to an article of clothing should be able to be protected by listing the product of the design as 'an article of clothing' or 'a textile'. It seems unjust for the designer to protect a design of an ice-cream applied to an apron, bathing costume, dressing gown, kimono, negligee, shorts, t-shirt, and then have a third party apply to the design to a sweatshirt and not infringe.

It seems to us that the examples provided in the consultation paper appear to approach the scope of design protection from a trade marks viewpoint and not from a designs viewpoint and we have concerns about that. Requiring an applicant to state each product separately (such as when stating classifications in a trade mark application) not only introduces a risk that a relevant product may be omitted, but it also suggests that the applicant would need to file multiple design applications for each product overseas if the Australian application was to be used as a priority application. Such a result would likely deter Australian applicants from filing their initial design applications in Australia.

Assessing Newness and Distinctiveness

The proposal is to consider a prior art base that consists only of standard designs or partial designs for products that are the same or similar to the product(s) for which the partial design is registered, when assessing the newness and distinctiveness of the partial design. NZIPA disagrees with this proposal and considers that partial designs should be examined using a prior art base as broad as that for standard designs. Otherwise, NZIPA considers that the proposal will have negative consequences. For example, Ted creates a unique design of handle for an oven door. His company also applies the same handle to blenders, dishwashers, refrigerators and freezers. The design is registered as a partial design of a handle for kitchen appliances. The design wins a design award. Jack knows that putting the now iconic handle design on other products will attract consumer interest, so he applies the design to mugs, jugs, and beer steins and he applies to register the design as a partial design for a handle applied to mugs, jugs, and beer steins. Jack has effectively taken Ted's design and (without any modification) applied it to a different product group. The proposed prior art base for prior art designs would allow Jack to register the design against mugs, jugs, and beer steins yet Jack has provided no artistic contribution. This seems counter-intuitive to protecting the rights of the original designer, Ted, and encouraging innovation.

Substantial Similarity in Overall Impression of the Design

NZIPA considers that the partial design should state the product (or product group) to which it is being applied and should disclaim all features shown in broken lines or ghost outline or as specified in the claim. NZIPA also considers that the disclaimed features should not be considered at all – whether for newness and distinctiveness or for infringement. Consideration of disclaimed features by the Courts under current Australian law is creating the current uncertainty around whether partial designs are or are not protectable in Australia and is taking Australia out of step with other countries. In our view, Australia should be mindful to provide designs law that is compatible with designs law in other key jurisdictions, where it makes sense to do so.

Common Designs

The proposal suggests removing the ability to apply to protect common designs in a single application. Although applications for common designs may be few, we see that such applications are useful to those who use this avenue for protection – especially given that protection for sets is not available in Australia.

We also see no harm in retaining the ability to protect common designs in a single application and so we prefer that the ability to protect common designs is not removed from the Designs Act.

General Comments

Most countries now provide the ability to protect the design of a portion of a product by disclaiming the remainder of the product in a claim and/or by showing the disclaimed portion in broken lines or ghost outline. Legal decisions from Australia indicate that, when assessing newness and distinctiveness and when assessing infringement, the disclaimed portions may be considered. This creates confusion as to the scope of a design right and raises uncertainty about whether partial designs can be adequately protected in Australia.

IP Australia now proposes several changes and a new type of design application to protect partial designs. Although we support the ability to protect partial designs, we are concerned that the proposals risk further confusion and unintended consequences. We would rather see a clear statement in the Act that 'disclaimed features of a design should not be considered when assessing newness and distinctiveness and infringement of the design', or a similar statement to that effect. This would bring Australia's design law into closer alignment with design regimes in most other key jurisdictions.

If a separate design application is created for partial designs, we would also like to see clarity around whether two distinct portions of the same product can be protected in a single design, such as the neck and base of a bottle, but not including the mid-section of the bottle.

Responses to Questions

1. Do you support IP Australia's approach (outlined in this paper) to implementing partial designs protection in Australia? If not, why not?

We support the ability to protect partial designs in Australia, but we have several concerns about the proposed approach, as outlined above.

2. Would you register your partial designs using the proposed system? If not, why not?

That would depend on the best strategy for the applicant. Based on the current proposal, it may be disadvantageous for an applicant to file a priority application in Australia for a partial design if all products to which the design may be applied must be separately listed. Instead, it would be preferable to allow the ability to list a product group (e.g., bathroom ware).

3. Are there any particular risks or unintended consequences that would arise from this proposal?

Please see our comments above.

4. Would the copyright/design overlap provisions have any adverse effect on how design businesses commercialise their partial designs?

We think it best to strengthen Australia's design laws via the Designs Act and then look at any issues arising from the copyright overlap separately and regarding the Copyright Act, especially in relation to copyright coverage for 2D designs compared to 3D designs.

Incremental Designs

The proposal is set out in two parts, the introduction of:

- (i) A new preliminary design, and
- (ii) The reintroduction of a design of addition as "post-registration linking".

NZIPA recognises the tension that designers face between filing a design application as soon as possible to obtain an early priority date (and to precede publication to avoid loss of rights overseas), and capturing the final design that will ultimately be commercialised at the end of an iterative design process. NZIPA therefore considers it helpful to provide a designs system that allows designers to modify an initial design to reflect feedback from the market or to take into account manufacturing requirements, for example, without losing their priority claim where those modifications are minor.

However, NZIPA does have some concerns regarding the proposals, which we comment on below.

- i. New Preliminary Design

This proposal aims to help designers apply to protect an initial design, test the market for feedback and then

modify that design slightly when filing a 'complete' design application up to six months later.

General Comments

NZIPA considers that it would be useful for applicants not to be strictly limited to the exact design that is the subject of their initial design application when the design changes slightly during design development. However, NZIPA has concerns about how the proposed system could affect third parties, especially as a 12-month grace period is already provided for design applications in Australia.

The proposal allows an initial application to be filed 12 months after first disclosure and a second, modified 'complete' application to be filed up to six months later. The complete application would be published at least six months after that. This means that third parties could be unaware that a design is the subject of registered design protection until 24 months after the design is first published.

NZIPA is concerned that a two-year period of uncertainty could stifle the creation of innovative design variants by the public.

NZIPA considers that a defence to infringement and a prior use exception would likely be required for third parties who avail themselves of the design in the two-year period in order to mitigate the impact of this proposal.

NZIPA is also unsure whether the additional six months provided by the proposal is needed by designers, given the recent introduction of the 12-month grace period.

Furthermore, NZIPA considers that there is a risk that designers relying on this system may be confused when seeking international design rights and this could lead to a loss of rights when applying to protect the 'complete' design overseas. We would prefer to see changes to designs law that are compatible with foreign designs regimes in key jurisdictions, where appropriate.

Alternative Option

Another option could be to allow for a broader interpretation of the Paris Convention to be applied when assessing the priority claim for Australian designs and to allow an Australian design to claim priority from another Australian design filed up to six months earlier. An applicant could then file a priority application for an initial design in Australia and then file a convention application in Australia for a slightly modified design up to six months later.

NZIPA notes that when considering convention priority for patents, some leeway is allowed when assessing whether the invention claimed was disclosed in the priority document. For example, the priority assessment for patents has never been one in which the claimed invention must be exactly as what was disclosed in the priority application. Yet Australian designs examination appears to require that a design that is the subject of a convention application must be exactly the same as the design of the priority application. The stringency of this approach raises other issues for convention design applications also, especially if the priority application includes an error in one of the drawings, or if the priority application was filed in a country that does not allow portions of a design to be disclaimed but the applicant would like to disclaim portions of the Australian design.

NZIPA considers that allowing a broader approach to assessing the priority of Australian convention design applications could provide a useful avenue for designers to protect design modifications, correct errors in design drawings (even when the correction to be made is not obvious), and disclaim portions of a design even if those portions were not disclaimed in the priority application. The convention application may be for

a design that is the same subject as the priority application (as per Article 4C of the Paris Convention), but need not be *exactly the same in entirety*.

NZIPA acknowledges that taking a broader interpretation of Article 4C of the Paris Convention in respect of design applications is a step away from the general practice of other countries. However, NZIPA is of the view that the strict interpretation currently applied to Article 4C is draconian in relation to errors in the priority document and is inconsistent with the incremental nature of the design development process. NZIPA considers that a broader, pragmatic interpretation of Article 4C may be well-received by Australian design applicants.

ii. Re-introduction of a Design of Addition

NZIPA supports the re-introduction of a design of addition, obtained by linking a subsequent design application to an earlier registered design owned by the same owner. However, NZIPA would prefer that it was called a 'Design of Addition' to be readily recognisable by stakeholders within and outside Australia.

Daisy Chaining

NZIPA considers that the legislation should make it clear that any designs within a chain of design applications and registrations using linked designs/designs of addition may only be entitled to the maximum term of the very first design in the chain and that the modified designs (designs of addition) should be compared to the first design in the chain when assessing whether the modified design is entitled to be a design of addition.

Unintended Consequences

NZIPA considers that the grace period means that the proposed use of the system exemplified in Figure 7 may be open to abuse, especially in design sectors that are crowded. The scope of a registered design is taken from the design specification and from its market sector. Where a registered design relates to a crowded sector (such as bottles), the design may be a small variation of existing designs. The general view is that third parties may then make small variations to the registered design without infringing the registered design.

Looking at Figure 7 and assuming that the car exemplified in Figure 7 relates to a crowded sector, Marco created a car design that was a small modification to existing car designs. He applied to register his design. Andrea used Marco's design as inspiration and created a small modification to his design shortly after Marco's design was made public. Marco sees that consumers like Andrea's design more than his own design, so relying on the 12-month grace period, Marco applies to register Andrea's design as a variant of his own design with the clear intention of blocking her from the market. Under the proposal, Marco is free to take such action. NZIPA considers that such a scenario would be undesirable.

Responses to Questions

1. Would you use the proposed models? Why or why not?

The preliminary design option may be used for applicants primarily focused on protection in Australia only, but the option is less likely to be used for exporters because of the issues that would be presented when applying for protection overseas based on the modified design.

NZIPA considers that the design of addition would likely be used, albeit infrequently.

2. Do you believe that the benefits of the proposals would be greater than the potential complexities introduced to the design registration process?

NZIPA is unsure whether the benefits of the preliminary design option would outweigh the complexities presented by the current proposal.

NZIPA considers that the design of addition option may be useful but could benefit from further development.

3. Does the preliminary designs proposal impose too much complexity for exporters (Appendix – Part 1E)?

NZIPA considers that the preliminary design option is unlikely to be of benefit to most exporters.

4. Are there any unintended consequences or adverse effects?

Please see our comments above.

5. Are there other options that should be considered? If so, how are these better than the proposed models?

Please see our comments above.

NZIPA looks forward to a further opportunity to comment on any proposed designs amendments before they are implemented.

Yours faithfully,



Britta Fromow
NZIPA Council Member