

15 June 2018

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IP Australia

## **The Hague Agreement Concerning the International Registration of Industrial Designs: A cost-benefit analysis for Australia**

### **INTRODUCTION**

These submissions have been prepared by The New Zealand Institute of Patent Attorneys, Inc (NZIPA). We thank IP Australia for providing an extension to Friday 15 June 2018.

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

The current membership of NZIPA comprises 162 Fellows, 1 Honorary, 36 Students, 18 Non-resident, 15 Associates and 6 Retired.

Patent attorneys operate in the global arena across all sectors of industry to assist businesses in their key markets to use intellectual property (IP) systems for strategic advantage. Patent Attorneys are qualified to, and regularly do, advise on all intellectual property rights including trade marks, designs, and copyright.

### **SUMMARY**

One of the main justifications of the registered design system is that it incentivises creation of new designs. This incentivisation leads to designs that are more beautiful, and an increase in the number of designs that are available.

By joining the Hague agreement, the number of registered designs in Australia will increase, but the majority of those designs will be owned by international applicants. Rather than incentivising the creation of new designs, there will be more design registrations preventing Australian designers from commercialising designs in their home market.

The economic analysis set out in the report highlights the difficulty in gauging the economic impact of joining the Hague system.

We agree with the comments in section 3.3 that a significant uplift in international usage would support Australia joining the Hague agreement. We agree that it may take more time to determine a proper gauge of this uplift.

The recent accession of the US, Japan and Korea has the potential to substantially increase usage of the Hague system. We suggest that accession be deferred until such time as the effect of the accession of these countries and other major trading partners can be better quantified.

## **SECTION 5.1 - AUSTRALIANS WHO FILE ABROAD**

### *5.1.2 - Red tape savings for filing*

The Economic Analysis document notes that there will be savings in terms of reduced filing costs and formality issues as these are standardised under the Hague system. Examination and opposition are however conducted separately.

There are some aspects of the Hague system that are not standardised. These aspects may not have been taken into account when estimating costs.

For example, under current design practice, drawings are prepared to meet the laws of each jurisdiction.

It will be difficult to prepare a set of drawings that meet the laws of each jurisdiction, while also giving the applicant the broadest scope of protection they are entitled to.

Differences in the drawings standards include whether shading and contour lines are allowed, the number of drawings that are allowed in each application, and how broken lines are interpreted.

To meet the requirements of each jurisdiction, it may be necessary to include a variety of drawings that are suitable for every country where design protection is sought. That is because, in most jurisdictions, it is very difficult to amend drawings after filing.

This lack of standardisation will increase the complexity and cost of the registration system.

### *5.1.3 - Red tape savings for examination*

The Economic Analysis document notes that there will be savings to Australian applicants where they can file through the Hague system without having to engage local representation in foreign countries. It is assumed that this will occur only when there are no objections raised during examination.

Our understanding is that the examination of designs in each jurisdiction will remain the same.

The process of obtaining a registration under the Hague agreement will be straightforward for jurisdictions in which the design is registered based on the application as filed. However, for countries that carry out substantive examination, an international application will not be a cheaper or quicker process than examination under the current system.

There is a high probability that an application filed through the Hague system will be objected to by countries that carry out substantive examination. This will mean that there is a high probability that local representation will need to be engaged in foreign countries.

Therefore, there is no benefit to Australian applicants filing design applications under the Hague agreement compared to filing directly into each jurisdiction. Particularly if a desired outcome of using the Hague system is to avoid engaging local representation in foreign countries.

#### **SECTION 5.4 - ADDITIONAL LOCAL DESIGNS DUE TO LONGER PROTECTION**

We don't believe that a longer term would incentivise additional designs.

The maximum term of a registered design in Australia is currently 10 years, with a renewal due at 5 years. Under the Hague agreement, the maximum term of design registrations will increase to 15 years. Compared to other jurisdictions, Australia has one of the shortest design terms available.

As pointed out by the Productivity Commission, only a low proportion of designs are renewed at the 5 year mark in Australia. It is likely the low renewal rate is because the visual appearance of products changes relatively quickly, so the visual appearance of a design is no longer relevant 5 years after filing. Accordingly, the increase to a 15 year term is unlikely to incentivise local innovation and designs.

We provide some additional comments on whether or not the Hague system will incentivise additional designs through enabling multiple designs.

The Hague agreement allows up to 100 designs to be included in an application, provided all the designs belong to the same class of the Locarno Classification.

Few design applications would include up to 100 designs. Most design applications include either a single embodiment, or only a few embodiments.



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Allowing up to 100 designs is unlikely to incentivise more design filings by Australian designers.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Adams', is positioned above the typed name.

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