



American Intellectual Property Law Association

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IP Australia
Mr. Paul Gardner
Director, Domestic Policy & Legislation
IP Australia
PO Box 200
Woden ACT 2606 Australia
consultation@ipaaustralia.gov.au

**Re: AIPLA Recommendations for The Continued Improvement of IP
Australia's Design System**

Dear Mr. Gardner:

Further to the consultation notice from IP Australia at the URL <http://https://consultation.ipaustralia.gov.au/policy/designs-bill-2020/>, the American Intellectual Property Law Association (“AIPLA”) welcomes this opportunity to provide views on 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 (collectively, “Draft Legislation”), along with an accompanying draft Explanatory Memorandum and draft Explanatory Statement (collectively, “Explanatory Material”).

AIPLA, headquartered in the United States, is a national bar association of approximately 8,500 members who are primarily practitioners engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

A primary purpose of providing AIPLA's views is to advance harmonization efforts for industrial design protection globally, and to support efficient and balanced means for obtaining industrial design protection around the world. Despite international advancements such as growing adoption of the Hague Agreement for the Registration of Industrial Designs (“Hague System”) and discussion of the Design Law Treaty (“DLT”) by the Standing Committee on Trademarks, Industrial Designs, and Geographic Indications of the World Intellectual Property Organization, important substantive and procedural aspects of industrial design protection remain inconsistent and unharmonized from jurisdiction to jurisdiction. With a membership that includes intellectual property leaders worldwide in fields such as industrial design, AIPLA is

well positioned to support harmonization efforts, which will advance the global practice of design law. In this spirit, AIPLA would like to present the following views:

I. 12-month Grace Period Proposal

AIPLA supports the introduction of a 12-month personal grace period in the Draft Legislation, during which pre-filing disclosures of information made by or on behalf of the registered owner or by a third party (who obtained the information from the registered owner) shall not affect patentability of an industrial design. With this change, Australia would join a growing global consensus of prominent jurisdictions that recognize a 12-month personal grace period for industrial designs, and it follows recent legislation by Japan and South Korea to transition to a 12-month personal grace period for industrial designs (other jurisdictions, such as the United States and European Union, have long recognized a 12-month personal grace period). As noted in the Explanatory Material, it also would equate the grace period term for industrial designs in Australia to the term for utility inventions. This would especially help individuals and smaller entities who may unknowingly waive industrial design rights in view of the existing absolute worldwide novelty requirement.

AIPLA has a few additional views regarding the grace period.

First, AIPLA supports the additive “grace period + priority” scheme contemplated in Subsection 17(1) of the Draft Legislation. In particular, disregarding disclosures “that occur in the period of 12 months ending at the end of the day before the priority date” means that foreign filers would be able to first-file in their respective jurisdictions up to 12 months from a first disclosure without fear of waiver in Australia, provided that a subsequent filing in Australia is made within the six-month Paris Convention priority period. This additive approach, which is reflected in Article 6 of the draft articles of the Design Law Treaty (“DLT”) referenced in the Explanatory Material, again would move Australia toward a growing global consensus (jurisdictions like the United States and European Union recognize the additive approach). It also would avoid a net effect of the contrary “overlap” scheme, namely, to reduce existing 12-month grace periods under the laws of foreign jurisdictions to six months, and would again help avoid unknowing waiver of industrial design rights.

Second, the Explanatory Material states that while a grace period was incorporated into the Draft Legislation, “the requirement to declare any disclosures would be determined following further stakeholder consultation.” To the extent disclosure declarations are still being considered, AIPLA respectfully opposes the imposition of any conditional triggering of the grace period, such as declarations of intent or prior disclosure. Such procedural requirements tend to be traps for the unwary, in particular for individual inventors and small entities who are unaware of such procedural nuances. Eliminating traps for the unwary was the primary reason why the Berne Convention abolished conditional formalities to copyright protection, and there is no significant reason why industrial design protection should be treated differently. Requiring additional formalities for the grace period also runs contrary to the spirit of the DLT referenced in the Explanatory Material (*i.e.*, grace period declarations are not included in the list of permitted requirements in Article 3 of the DLT and thus violate Article 3(b)(2)).

Third, while AIPLA welcomes the broad applicability of the grace period to not just identical designs, AIPLA suggests that the language “(which may or may not be the subject design)” be tightened to track a visual similarity standard. Otherwise, an infringer could argue that any prior disclosure—even of a visually dissimilar design—triggers the 12-month grace period and thus that the registration was procured improperly. Of course, at this point, a dispute would likely ensue as to whether the prior disclosure was indeed invalidating. This would likely depend on a visual similarity standard. In this regard, it is better to just have visual similarity language in the statute outright.

II. Prior Use Defence Proposal

While AIPLA welcomes the introduction of a prior use defence, the current text of the Draft Legislation is concerning. As currently drafted in Section 71A, the prior use defence applies to activities “before the priority date of the registered date” that would otherwise infringe a registered design. However, the defence does not apply if the infringer “derived the relevant design from the registered owner ... unless the derivation was from information made publicly available by or with the consent of the registered owner” Further to the example on page 19 of the bill memorandum in the Explanatory Materials, this immunizes infringement, *e.g.*, when a design owner rightfully takes advantage of the new 12-month grace period (*i.e.*, a design owner’s public disclosure during the 12-month grace period before filing effectively licenses all third parties to commit the activities in Section 71A(1)(a) for any “derived” designs so long as they do so prior to the priority date of the registered design).

Simply put, the 12-month grace period should not be conditioned on the design owner being compelled to “license” any third parties that decide to use the design (or a minimally “derived” version thereof) during the grace period. The current “definite steps” language in 71A(1)(b) and “temporary cessation” language in Section 71A(2) exacerbates this issue. It would be possible for an infringer to make a token effort toward one of the activities in Section 71A(1) simply to secure the “license,” wait to see if the “license” is commercially viable, and if so then claim “definite steps” or “temporary cessation” in order to restart the “license.” To the extent it was intended that the “derived” design would not be absolutely identical to what was disclosed (*i.e.*, the derived design is some similar variation thereof), concerns remain because trivial changes could be made for the sole purpose of securing the prior user defence.

A possible adjustment might be to tie the prior use defence to the first disclosure date in Subsection 17(1) (*i.e.*, “the period of 12 months ending at the end of the day before the priority date in relation to the subject design”) instead of the priority date. While it is true that third parties who decide to move forward with rote copying or “deriving” unregistered but disclosed designs during the grace period risk infringement action later, as copiers they are well aware of the risk and should assume the possibility of consequences—including infringement liability. To AIPLA’s knowledge, no other prominent jurisdiction recognizes a prior use defence as broad as what is proposed in the Draft Legislation.

III. Australia Should Adopt the Draft Legislation with an Eye Toward the Hague System

In March 2015, the Advisory Council on Intellectual Property (“ACIP”) in its “Review of the Designs System” in Australia recommended that “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.” Since that time, many prominent jurisdictions have formally joined the Hague System, including but not limited to the United States, Canada (both identified in Part 5.1 of Appendix D the ACIP report as “main export destinations for [Australian] design intensive products”), Japan, Russia, Vietnam and Mexico. They join other jurisdictions such as the European Union, South Korea, and Singapore, and China and Indonesia have proposed amendments to their laws to conform more closely to Hague system norms and requirements (*e.g.*, in China, a 15-year term and allowing portion claiming). The primary benefit of Hague System joinder by Australia is providing Australian and foreign designers with easier access to industrial design protection (and associated cost savings) in Hague System jurisdictions through the filing of a single Hague System application. This can lower the risk of copycats after new markets are entered.

The Draft Legislation and Explanatory Material does not directly address Australia joining the Hague System, and Hague System joinder is not listed within the “number of other proposals which will not be progressing in this legislative package” that are identified on the consultation web site. In the Australian Government’s response to the ACIP review, which we understand followed soon after the review itself, the Australian Government stated that “IP Australia will investigate the implications of Australia joining the Hague Agreement, and continue to monitor usage of the Hague System by our major trading partners.”

At the approximate five-year mark since the Australian Government’s response, AIPLA respectfully submits that it would be in Australia’s best interest to adopt the Draft Legislation with an eye toward the possibility of Australia joining the Hague System in the near future. As discussed previously, most prominent jurisdictions for industrial design protection, including Australia’s “main export destinations,” have now joined the Hague System. The notable exception is China, but as discussed previously, China continues to move closer to Hague System joinder. According to WIPO’s Hague System Annual reviews, during this time Hague System registrations have nearly doubled, and use of the Hague System is likely to further increase as procedural and substantive inefficiencies are reduced via additional jurisdictions joining the Hague System, harmonization efforts, and other improvements. The upcoming final reckoning of Brexit will also force Australian designers who are not otherwise entitled to use the Hague System and want pan-European protection to file in the UK (another one of Australia’s “main export destinations”) as well as the European Union when they could use the Hague System to obtain protection in both jurisdictions.

The most prominent Hague System requirement that is missing from the Draft Legislation is the adoption of a minimum 15-year design term, which is the minimum requirement under Article 17(3) of the Hague Agreement and which is recognized in New Zealand and most other prominent jurisdictions.

Another possible conflict with the Hague System is the current prohibition against the use of broken lines in industrial design figures to show unclaimed parts of articles embodying claimed designs. To the extent portion claiming is still not allowed in Australia, then the Draft Legislation remains inconsistent with at least the Common Regulations underlying the Hague Agreement, including Rule 9(2)(b). To the extent a Statement of Newness and Distinctiveness ("Statement") is allowed to be filed to emphasize certain visual features and thus effectively enable portion claiming, this textual regime may still not comply with Hague System requirements and differs from most other visual regimes that allow portion claiming (e.g., United States, European Union, Japan, and Korea). Accordingly, and with an eye toward harmonizing Australia with global industrial design protection norms, Australia may want to consider moving to visually based portion claiming. To the extent it will be many years until the design legislation can be amended again, Australia may want to consider undertaking these changes now.

IV. Protection of GUIs in Australia

As a final note, AIPLA understands that Australia has decided not to take action regarding whether industrial design protection will extend to graphical user interfaces ("GUIs"). Therefore, the *status quo*, exemplified by the Registrar of Designs' ruling in *Apple* from 2017 that a display screen is not a new and distinctive design because the display screen at rest (i.e., turned off), is simply a blank screen, remains undisturbed and no industrial design protection is available for the growing GUI industry in Australia. This is contrary to a growing global consensus to provide industrial design protection for GUIs and other emerging technologies in view of companies investing considerable resources into the design of their GUIs in order to enhance their customers' user experience/user interface ("UX/UI"). Most prominent jurisdictions, including the United States, European Union, China, Japan, and South Korea have all provided protection for GUIs, and harmonization efforts are in full swing (see, e.g., the Industrial Design 5's joint recommendations in support of best practices to protection GUIs). Australia is one of the few prominent jurisdictions that continues to adhere to the principle that an industrial design is not protectable if it must be electrified to be seen. AIPLA respectfully submits that the global practice of design law would benefit greatly if Australia afforded protection for GUIs.

Again, AIPLA appreciates the opportunity to provide these comments. Please contact us if you would like us to provide additional information on any issues discussed above.

Very truly yours,



Barbara Fiocco

President

American Intellectual Property Law Association