



Law Council
OF AUSTRALIA

Business Law Section

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Via email: ceila.poole@ipaustralia.gov.au

27 July 2016

Attention: Director Domestic Policy and Designs Consultation Group

Dear Mr Wilkinson and Designs Consultation Group Members,

Section 19 of the *Designs Act 2003*

Background

I refer to the letter dated 17 December 2015 from the Intellectual Property Committee of the Business Law Section of the Law Council of Australia (“the Committee”) relating to the Committee’s concerns with the current form of section 19 of the *Designs Act 2003*. This letter further addresses these concerns.

The Committee’s concerns with section 19 have been expressed in the Committee’s submissions to ACIP during ACIP’s review of the *Designs Act* and in summary form are:

1. the uncertainty surrounding who is an informed user;
2. the lack of any guidance as to how the various factors in section 19 interact and are to be weighed; and
3. the meaning of some of the factors enumerated in subsection 19(2).

The Committee’s 17 December 2015 letter dealt with the first concern relating to the informed user. This letter addresses the concerns raised in points 2 and 3 above in more detail.

1. Lack of any guidance as to how the various factors in section 19 interact and are to be weighed

Section 19 sets out the various factors which must be considered in assessing whether one design is substantially similar in overall impression to another design. The Committee appreciates that it is necessary to achieve a balance between certainty (achieved by more prescriptive legislation) and maintaining the necessary flexibility to deal with the many different circumstances that are likely to arise. There is, however, a potential contradiction between, on the one hand, the requirement in subsection 19(1) that more weight is to be

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given to similarities than to differences between the designs and, on the other hand, the factors set out in subsection 19(2) to which the decision-maker 'must also' have regard. The Committee therefore considers that there is a degree of uncertainty surrounding how the requirements of subsection 19(1) and subsection 19(2) interact and are to be applied.

The Committee considers that it should be made clear that the significance of the similarities and differences between the compared designs must be taken into account in determining whether they are substantially similar in overall impression and that this significance should be assessed by taking into account the subsection 19(2) factors. This means, eg, if the similarities lie in things which are dictated by some technical constraint, then the significance of the similarities may be diminished. To this end the Committee considers that subsection 19(2) could be amended by removing at the start of the subsection the words 'The person must also' and inserting instead the words 'In applying subsection (1), the person must have regard to the following matters:'.

2. The meaning of some of the factors enumerated in subsection 19(2)

There are effectively three factors in subsection 19(2) – the state of development of the prior art base, the freedom of the creator of the design to innovate and, if there is a statement of newness and distinctiveness (SOND), having particular regard to the visual features identified in the SOND.

The state of development of the prior art base and the freedom of the creator to innovate

The Committee considers that there is continuing uncertainty as to the meaning and scope of these factors. In relation to the state of development of the prior art base, one matter of particular concern is whether this factor allows for features commonly used in the trade to be taken into consideration when comparing the designs under section 19. An informed user will usually be familiar with features commonly used in the trade as design features for the product under consideration. While not advocating mosaicing, when assessing the significance of similarities between two designs a relevant consideration may be whether any similar features are features commonly used in the trade. However, the Committee considers that there is currently some uncertainty as to whether the state of development of the prior art base factor allows for features commonly used in the trade to be taken into consideration when comparing the designs under section 19 (although there are judicial statements to the effect that a design consisting of features commonly used in the trade can be valid if sufficiently individual in appearance including the Full Federal Court in the relatively recent case of *Ullrich v Dias*).

In relation to the freedom of the creator to innovate, under the previous law the freedom of the creator to innovate appeared to be relevant as follows: if the article in question was so simple in its essentials, then small differences from the prior art would be sufficient to satisfy the innovation threshold. Equally, however, small differences between the registered design and the alleged infringement would result in no infringement. However, the Committee considers that there is continuing uncertainty in relation to what this factor means.

Despite the concerns discussed above, the Committee is also concerned that introducing additional factors or prescriptive amendments also has the potential to increase costs and uncertainty. Thus, at this stage the Committee does not recommend any amendment of

section 19 in relation to its concerns about the meaning of some of the subsection 19(2) factors, but is willing to consider the matter further with IP Australia.

The Statement Of Newness and Distinctiveness

Although the Committee's 17 December 2015 letter did not make reference to the SOND, the Committee does have some concerns in relation to the current use of SONDs in practice which it wishes to raise with IP Australia.

In particular, subsection 19(2) makes it clear that a SOND is a statement identifying particular visual features of the design as new and distinctive. However, many design applicants seem to use a SOND as a statement of monopoly to disclaim features from consideration and it is uncertain how a court will ultimately treat such statements. Even when used as intended, the effect of a SOND is often unclear. The Committee appreciates that the abolition of SONDs, at least until Australia joins the *Hague Agreement Concerning the International Registration of Industrial Designs*, would be a significant reform proposal and beyond the scope of the current consultation. However, the Committee would like to raise for consideration by IP Australia whether there may be adjustments that can be made to Designs Office practice that could assist to ensure SONDs are used appropriately and satisfy the 'definition' of a SOND in subsection 19(2).

If you have any questions in relation to this submission, in the first instance please contact the Committee Chair, Sue Gilchrist, on 02-9225 5221 or via email: sue.gilchrist@hsf.com

Yours sincerely,



Teresa Dyson, Chair
Business Law Section