

**8 August 2023**

IP Australia  
47 Bowes Street,  
Phillip ACT 2606

By email: [consultation@ipaaustralia.gov.au](mailto:consultation@ipaaustralia.gov.au)

Attention: Mr Paul Gardner and Ms Lisa Bailey

**Response to IP Australia Public Consultation—Enhancing Australian Design Protection—Virtual Designs, Partial Designs and Incremental Designs**

The Intellectual Property Committee of the Business Law Section of the Law Council of Australia (**IPC**) welcomes the opportunity to make this submission concerning the three IP Australia consultation papers, which have been issued in relation to proposed changes to Australia’s designs law.

**Protection for virtual designs**

*Introductory comments*

1. The IPC is supportive of providing protection for virtual designs.
2. Graphical user interfaces and screen icons have been important design elements of products for decades, while virtual and augmented reality are projected to become increasingly important in the next decade. There seems to be no good reason in principle for refusing to protect visual features of this kind simply because they are not static in nature, although some form of fixation would be necessary for evidentiary purposes.
3. As well as encouraging innovative design activity in these areas, providing protection for virtual designs has the benefit of ensuring greater harmonisation of Australia’s designs laws with the laws of our major overseas trading partners. The IPC notes that virtual designs can be protected in the European Union, the United Kingdom, the United States of America, Canada, Japan and China (amongst many other jurisdictions).
4. The IPC has responded to the specific consultation questions below.

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

5. The IPC supports the approach proposed by IP Australia in the consultation paper in relation to:
  - (a) the proposed approach in relation to representations of the design;
  - (b) the introduction of a new clarity requirement; and
  - (c) the proposed approach in relation to substantive registrability (i.e. that no changes need to be made to the existing requirements of newness and distinctiveness).
6. The IPC also supports the proposed requirement to clearly identify the products for which protection is sought. It will be important that IP Australia provides some guidance so that applicants know what is required in order to describe a product's nature and intended use with sufficient specificity. However, the IPC agrees in principle that this requirement is important to allow third parties to be able to conduct clearance searches and, further, is consistent with the current approach for non-virtual designs.
7. The IPC considers that the proposed definitions of "product" and "virtual product" will need to be given some further thought if a decision is made to introduce protection for virtual designs, in order to ensure that the definitions make sense in the overall scheme of the designs legislation. The IPC would be keen to provide its views in relation to these drafting issues when draft legislation has been prepared.
8. In relation to the question of infringement, the IPC agrees that the incidental "making" of a virtual design (e.g., downloading and then running an app that generates a virtual design) should not constitute primary infringement. Indeed, if the scope of that exception is sufficiently confined, then the IPC considers that it should also not constitute secondary infringement. This is an example of the issues that may arise with the proposed definition of "design" as, from the user's perspective at least, the product is the downloaded app and not the virtual design.
9. It is true that paragraph 75(2)(b) of the *Designs Act 2003* (Cth) provides a basis on which a secondary infringer can argue that it should not be liable to pay damages or an account of profits (or that the quantum should be reduced), if the defendant was not aware, and could not reasonably be aware, that a design was registered. (A similar approach is open to a primary infringer under paragraph 75(2)(a), but it must additionally demonstrate that it had taken all reasonable steps to ascertain whether a design was registered.)
10. However, subsection 75(2) is not a defence to infringement. The alleged infringer remains exposed to an infringement action and needs to convince a court to exercise its discretion under subsection 75(2) in order to avoid (or reduce) an order for monetary compensation. This means that a person who merely makes a virtual design by downloading and running an app that generates that design remains exposed to an action for design infringement and, even if the defence is made out, an injunction and costs.

11. In the IPC's view, this is not an appropriate balancing of the interests of registered design owners and end users. Provided that the scope of the exception to infringement is sufficiently confined, the IPC considers that there should be no infringement in this scenario.
12. The consultation paper proposes that the making of a virtual product by merely reproducing the means to cause the display of the visual features (being features the subject of a design registration) will not be considered to be a primary infringement. Instead, the IPC proposes that the Designs Act be amended to provide that it is not an infringement to cause a virtual product to display a design incidentally and automatically as part of the technical process of using the virtual product for the purpose for which it was intended (adopting and modifying the language used in section 47B of the *Copyright Act 1968* (Cth) but not subsection 47B(2) or (4)).
13. The intent here is to provide that what would be regarded simply as use of a *physical* product should not become a "making" (within the meaning of paragraph 71(1)(a) of the Designs Act) merely because the visual features are incidentally "made" (displayed on a screen) by a user during ordinary use.
14. The IPC is not convinced that there is a need for a generalised exception relating to the use of virtual designs for an amorphous category of "legitimate purposes". However, the IPC does consider that it is important to introduce a general exemption in relation to research and experimental activities (i.e., not one limited to virtual designs). This exemption could be based upon section 119C in the *Patents Act 1990* (Cth), although its language would need to be adapted to ensure that it is suitable for the framework of the registered designs legislation. In the IPC's view, the policy justifications for introducing an experimental purposes exemption into the patents system a decade ago apply equally to designs law.

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

15. As noted above, the IPC considers that the proposed definitions of "product" and "virtual product" will need to be given some further thought if a decision is made to introduce protection for virtual designs. The IPC would be keen to provide its views in relation to these drafting issues when draft legislation has been prepared.

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

16. The IPC considers that there is a clear case for the protection of graphical user interfaces and icons, and notes that protection is afforded to both of these categories of virtual designs in most cases where virtual designs are protectable. The IPC considers that the case for protection is equally strong for screensavers, projected interfaces (such as a vehicle heads-up display), and images used in augmented and virtual reality.
17. The IPC is less convinced that there is a strong argument in favour of protecting fonts and typefaces. The IPC notes that—while fonts and typefaces are registrable in most cases where virtual designs are protectable—this is not the case in some countries, notably China and Japan. However, given the balance of treatment in most countries favours registrability of fonts and typefaces (including in the European

Union, the United Kingdom, the United States of America, and Canada), the IPC does not consider that there should be a specific exclusion of fonts and typefaces.

18. Rather, the IPC considers that the best approach is to leave the categories of virtual designs open to allow the law to adapt to technological changes. As such, the IPC supports IP Australia's proposed approach of not explicitly excluding specific technologies from protection.

*Would the copyright/design overlap provisions give rise to significant uncertainty, or unintended consequences of 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?*

19. The IPC does not consider that the implementation of the proposed changes to allow for the protection of virtual designs will necessitate any changes to Australia's copyright/design overlap laws.
20. The IPC notes that the consultation paper raises the example of a slide to unlock feature on a mobile device that appears to have a three-dimensional form. In the IPC's view, such a feature is nonetheless two-dimensional, in the same way that a convincing perspective drawing is actually two-dimensional.
21. The IPC considers that designs shown in virtual and augmented reality raise more difficult issues, and that it is unclear how the copyright/design overlap laws would apply in this context. While an item depicted in virtual and augmented reality appears to the eye to genuinely have length, depth and width and can almost be "touched", it is ultimately in reality a series of images displayed on a screen in a manner that tricks the human eye into thinking that the item has a three-dimensional form. As such, on one view, virtual and augmented reality images are no more three-dimensional in a relevant sense than a perspective drawing. However, the proposed modified definition of "design" could mean that the virtual and augmented image is the "product" for the purposes of section 74 of the Copyright Act and, where it has a three-dimensional appearance, it will have features of shape or configuration. It is unclear whether this would be the approach adopted by the courts. This issue should be given some further thought as draft legislation is prepared and the IPC would be happy to consult further on this issue in that context.

## **Protection for partial designs**

### *Introductory comments*

22. The IPC is supportive of the implementation of partial designs protection on the basis that this would harmonise the Australian position internationally with jurisdictions such as the European Union, the United Kingdom and the United States, and provide consistency for those seeking to register designs.
23. The IPC further supports partial designs being registrable for parts of physical products and parts of virtual products.
24. The IPC has responded to the specific consultation questions below.

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

25. The IPC supports the proposals in respect of the requirements suggested to ensure that an application for a partial design is clear and precise.
26. Likewise, the IPC supports the proposal to continue to allow applications for partial designs in respect of multiple products.
27. The IPC does not oppose the abolition of statements of newness and distinctiveness in order to reduce confusion in the minds of users of the designs system.
28. The IPC does not support the abolition of common designs, at least at this time, as the ability to register a common design in the current system does provide an additional and useful option for applicants for registered designs.

*Would you register your partial designs using the proposed system? If not why not?*

29. The IPC expresses no view on this question.

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

30. It is proposed that the prior art base for a partial design be different to the prior art base for an entire product. In particular, it is proposed that the prior art base for partial designs be limited to designs or partial designs for products that are the same as or similar to the product(s) for which the partial design is registered using a test equivalent to that used in the *Trade Marks Act 1995* (Cth) for similar goods. This would have the effect that the prior art base for partial designs is narrower than for designs for entire products.
31. The IPC considers that the test of "similar goods" used in the context of trade marks is not necessarily directly equivalent to a test for "similar products" in the context of a partial design. Further, the test of "similar goods" in the trade marks field has led to difficulties; although the principles to be applied in making an assessment may be well established, the conclusions reached in particular cases by the Registrar's delegates and the courts have been varied and it is submitted that little consistency is discernible. This has meant that the phrase "similar goods" has an uncertain ambit and, thus, it is difficult to apply with much certainty. In the case of partial designs, functional similarity may be very relevant, which only exacerbates the potential for uncertainty.
32. Introducing such a test therefore has the potential to introduce uncertainty in relation to what is included in the prior art for partial designs. The IPC considers that such uncertainty ought not to be imported into the Designs Act.
33. The IPC also questions whether narrowing the prior art base for partial designs is justified where IP Australia acknowledges that rights in a partial design could extend more broadly than rights in a design for an entire product.
34. Unless there is adequate justification, introducing a different prior art base for partial designs introduces unnecessary complexity into the law.

35. The IPC also considers that introducing the phrase “similar products” would be equally inappropriate in respect of the test for infringement for partial designs for the same reason: that is, it is essential that producers can determine whether their product will or will not infringe a partial design and it is equally important for registered design rights holders to be able to know, with certainty, the limit of their monopoly rights. The IPC submits that it would be preferable to require designers to identify in their registration the scope of the products to which the partial design rights apply, rather than to have an infringement test with an indefinite application.

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

36. The IPC expresses no view on this question.

### **Protection for incremental improvements of designs**

#### *A historical perspective*

37. The IPC notes that section 25D of the *Designs Act 1906* (Cth) (the predecessor to the current legislation) enabled an owner of a registered design in respect of one article to register:
- (a) the design or an obvious adaptation of the design in respect of another article; or
  - (b) in respect of the same or another article, a design that differs from the original design only in immaterial details or in features commonly used in the relevant trade.
38. This enabled the owner of the registered design to file a subsequent application claiming priority from the earlier application.
39. The Australian Law Reform Commission’s review of the Australian designs law system in *Report No. 74—Designs (ALRC Report)* recommended that the rights conferred by section 25D not be retained (see Recommendation 84).
40. The Government’s response to the ALRC Report accepted that recommendation “despite all major interest groups supporting the retention of section 25D type applications”. The reasons given for the Government’s position were as follows:
- *Within 6 months from the priority date (during which the applicant must decide what to do with the design application), if there is further product development, the applicant has the option of either lodging an application for a new design or possibly lodging an amendment (depending on the nature and extent of that amendment) to account for product improvements;*
  - *Very few countries permit section 25D type applications and there are no international treaties or agreements which oblige Australia to provide such a system; and*
  - *It is not in Australia’s economic interest to continue to provide what is currently a broad design right.*

41. The ALRC Report ultimately informed the drafting of the current legislation, and the rights previously conferred under section 25D were not continued under the current legislation.
42. The IPC considers that it is sensible to reflect on this legislative history in considering the proposals outlined in the consultation paper, and notes that the reasons given by the Government in its response to the ALRC Report's Recommendation 84 could equally be put forward today.

### **Introductory comments**

43. The IPC supports reforms that respond to identified deficiencies in the current scheme that impede designers in the exploitation of their designs. It is critical, however, that any such reforms are properly implemented so that they do not have unintended consequences which could defeat these goals.
44. The above historical perspective offers a cautionary perspective when considering the two proposals for reform to allow a designer who makes incremental improvements to seek protection for their design comprising, first, preliminary designs and, secondly, post-registration linking.
45. In addition, it is important to note that—whereas providing protection for virtual designs and partial designs would be a move *towards* international harmonisation—the implementation of these proposals would seem to move Australia's designs law further away from that of our major trading partners.
46. In those circumstances, the IPC considers that it would be preferable to wait to see whether the recent introduction of the grace period has removed much of the practical need for these changes. This is because, first, the test of “substantially similar in overall impression” is one of judgment and degree and, accordingly, often difficult and uncertain to apply in practice. In addition to its concerns about the uncertainty and difficulty of applying that concept, the IPC is also concerned that the test could be used to obtain protection for a design, or designs, very different from the preliminary design. However, if these proposals are to move forward now, the IPC considers that a number of changes should be made, as outlined below.

### **Commentary on the proposed approach**

47. The IPC agrees that the two proposals, if implemented properly, would provide some flexibility throughout the design process.
48. As to Proposal 1 (preliminary designs), the IPC broadly agrees with the stages in Parts 1A to 1F. Specific comments are:
  - (a) The IPC assumes that the proposal in Part 1A to permit multiple designs to be included in the preliminary application is not intended to effect any change to the scheme in paragraphs 22(1) (b), (c) and (d). The IPC considers that this would maintain consistency with existing practice and would avoid the risk of abuse by the filing of numerous designs in the one application. Further, the IPC considers that this aspect may give rise to uncertainty or complexity in determining whether a main design application properly claims priority to the preliminary design (see Part 1E). It will be necessary to ensure that the test for validly claiming priority is consistent in each case with the discrete ways of having multiple designs in an application in section 22.

- (b) The IPC recommends that only one main design application be permitted to be filed from a preliminary application (Part 1C). If the number of permissible main design applications is not limited, then the IPC warns that this could result in well-resourced applicants deploying a filing strategy that sees numerous applications all claiming priority from the one preliminary design. In the IPC's view, this is undesirable as it could lead to an abuse of the system and end up stifling creativity, especially for individuals and smaller enterprises.
  - (c) The IPC considers that the issues with respect to claiming priority from the preliminary design (Part 1E) are potentially complex:
    - (i) As mentioned, it will be necessary to ensure that the test for claiming priority is clear, especially where multiple designs are involved. The IPC observes that Part 1E refers (on page 21) to the main design receiving the priority date of the preliminary design, so long as it is substantially similar in overall impression to "*the preliminary design (as amended)*". The IPC understands the words "*as amended*" to be an inadvertent error given it is earlier said in Part 1B that the preliminary design cannot be amended (see Part 1B).
    - (ii) The IPC agrees that this proposal has both advantages and disadvantages. As the consultation paper identifies (p 20), there are potentially significant negative impacts on Australian exporters depending upon their filing strategy. These risks should not be ignored, but they may be able to be mitigated in practice by ensuring accurate information is available to potential applicants who can be expected to make informed decisions as to which strategy best suits their circumstances and objectives with respect to any particular design or designs. The availability of different avenues for designers to achieve protection may enhance flexibility.
49. As to Proposal 2 (post-registration linking), the IPC agrees in principle with the concept of permitting a main design and subsequent design to be linked where they are, at least, substantially similar in overall impression, but warns that this should not be unlimited. Specific comments are:
- (a) The IPC notes that Part 2B refers to the review by a court of a decision by the Registrar refusing linking (see page 24). The IPC considers that whether a linking decision should be reviewed by the Administrative Appeals Tribunal (see section 136) or the court (see subsection 67(4)) might depend upon when the linking takes place, i.e., during the application stage or in examination (as proposed in Part 2A). This aspect will need further consideration.
  - (b) The IPC agrees that the standard for determining linking should be that of substantial similarity in overall impression.
  - (c) The IPC considers that the number of post-registration designs that may be linked (irrespective of their formation as a "*chain*") should be limited. If they are not limited, then the IPC warns that this could result in well-resourced applicants deploying a filing strategy that sees numerous designs that are all linked but which have gradually departed from the main design and, perhaps, the preliminary design. In the IPC's view, this is undesirable as it could lead to an abuse of the system and end up stifling creativity, especially for individuals and smaller enterprises. This harm is not limited or minimised by the later designs having the same term as the main design (*cf.* page 25). If this is not implemented



properly, it risks this proposed reform of the design system failing in a similar way to innovation patents.

50. The IPC has responded to the specific consultation questions below.

*Would you use the proposed models? Why or why not?*

51. The IPC expresses no view on this question.

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

52. The IPC refers to its observations on this question under the heading “Commentary on the proposed approach”.

*Does the preliminary designs proposal impose too much complexity for exporters?*

53. The IPC refers to its observations on this question under the heading “Commentary on the proposed approach”.

*Are there any unintended consequences or adverse effects?*

54. The IPC refers to its observations on this question under the heading “Commentary on the proposed approach”.

*Are there other options that should be considered? If so, how are these better than the proposed model?*

55. The IPC notes that the grace period reforms have only recently come into effect, and consideration may wish to be given to seeing how those reforms are working in practice before implementing these proposals at a later date.

## **Conclusion and further contact**

56. The Committee would be pleased to discuss any aspect of this submission.
57. If IP Australia has any questions or would like to further discuss any matters raised in this submission with the Committee, please do not hesitate to contact Angus Lang, Chair of the Intellectual Property Committee ([lang@tenthfloor.org](mailto:lang@tenthfloor.org)).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Argy', with a long, sweeping flourish extending to the right.

**Philip Argy**  
**Chairman**  
**Business Law Section**