



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

DESIGNS BILL 2002

Second Reading

SPEECH

Wednesday, 11 December 2002

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date	Wednesday, 11 December 2002	Source	House
Page	10080	Proof No	
Questioner		Responder	
Speaker	Entsch, Warren, MP	Question No.	

Mr ENTSCHE (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.04 am)—I move:

That this bill be now read a second time.

This bill will repeal the Designs Act 1906 and implement a new registration system for industrial designs. It represents a fundamental change to the registration and protection of industrial designs in Australia and is the culmination of many years of review and consultation.

In light of industry concerns with the current designs legislation, the Australian Law Reform Commission undertook an extensive review of the Designs Act. The ALRC found that the current designs system provides ineffective protection because registration is too easy to obtain but the rights lack enforceability because it is difficult to prove that a registration has been infringed.

The ALRC recommended that the government improve the designs system by providing clearer definitions, stricter eligibility and infringement tests, a more streamlined registration system and better enforcement and dispute resolution procedures. The report included 188 separate recommendations, the vast majority of which were accepted by the government.

An exposure draft of this bill was released for public comment in May last year and 14 submissions from a range of interest groups were received. The government has given close consideration to all the comments received to ensure that the new legislation achieves its intended purpose and is accessible and relevant to all users of the designs system.

This bill is intended to provide a simple to use, cost effective designs system that provides designers with more enforceable rights.

The key features of the new system are: a higher threshold test for gaining rights and a broader infringement test, which will make a design registration harder to obtain but easier to enforce; a streamlined registration process allowing for quicker and cost effective registration of designs; and a reduced term of registration from 16 to 10 years.

This bill will implement a new higher threshold test for designs. Currently, the threshold requirement is that a design must be either new or original. The current test has proved unsatisfactory because the meaning of the originality test is uncertain and the interpretation of the newness test has led to dissatisfaction because even very minor alterations have been held to constitute a new design.

The new threshold test will be a two-step test; namely, a design will not be registrable unless it is both new and distinctive. The requirement for a design to be new will be a filter to eliminate identical designs. The term 'distinctive' is intended to require a greater differentiation than at present from previously published or used designs. The test of whether a design is distinctive will be one of substantial similarity in overall impression. This test will provide that minor or insignificant changes to a design are irrelevant if the overall impression remains one of substantial or significant similarity.

The infringement test will be consistent with the definition of distinctive if another design is used that is substantially similar in overall impression to a registered design, that use will be an infringement. This infringement test is clear and simple and will help to ensure that design rights are enforceable.

The threshold for registration will also be raised by expanding the prior art base, which is the body of publicly available information that a design is compared with to determine whether or not it is new and distinctive. Currently, the prior art base consists of information about designs that have been published or used in Australia.

Under the new designs system all applications for design registration will be assessed against designs used previously in Australia or published anywhere in the world. Expanding the prior art base means that a design will be compared against more information, thereby increasing the likelihood that the design is both new and distinctive.

This bill implements a new streamlined system of post registration examination. Currently, all design applications are substantively examined to ensure they meet the relevant statutory criteria. If accepted, they are then published and registered. However, examination is time consuming and expensive and, as only a small proportion of design registrations become subject to infringement concerns or litigation, it is not always necessary.

Under the new system design applications will only undergo a formalities check prior to being registered and published. This allows design owners to put their claims on the public record without the need to go through the costly substantive examination process. Substantive examination will only be undertaken if requested by the owner or any other person, or if the registrar decides to examine the design. If a third party requests examination, they may give the registrar any information that is relevant to the decision of whether the design is new and distinctive.

If the registrar finds that the design meets all the requirements of the legislation then a certificate of examination will be issued and the design will remain on the register. If not, it will be removed. A design owner may only take action to enforce their rights if a certificate of examination has been issued.

Another important aspect of this bill is the exclusion of spare parts from protection under the new designs system. The government recognises that whether or not spare parts should be eligible for design protection is a complex issue, and after careful consideration believes that this exclusion is warranted. In reaching this decision, the government was concerned to ensure effective competition in the spare parts market leading to lower prices for consumers, for example, motorists in the case of spare parts for motor vehicles. An exclusion should give consumers greater choice and lower prices when they are looking to purchase spare parts to repair or restore complex products to their original appearance.

The bill implements the spare parts exclusion by a 'right of repair' exemption. This will still allow the design registration of component parts of a complex product but use of design registered parts for repair purposes, for example, as spare parts, will provide a complete defence against infringement. The use of design registered parts for non-repair purposes will be an infringement of the registered design but the onus will be on the design owner to prove that parts were being used for non-repair purposes. This approach recognises that component parts of a complex product can either be used as original equipment or as spare parts, and seeks to strike a balance between providing an incentive for creative activity in design and enabling competition in the spare parts market. It will provide protection for original equipment use by allowing new and distinctive designs of component parts of complex products to be registrable. However, where design registered component parts are used as spare parts for repair or replacement purposes there would not be an infringement.

Given the complexities of the spare parts issue, the operation of the 'right of repair' exemption will be closely monitored with a formal review to take place before the end of 2005.

The government believes that the new design registration system will provide improved protection for design owners against free riders. It will encourage innovation by helping designers to capture the benefit of their work and make more innovative products available to consumers. I present the explanatory memorandum to this bill.

Debate (on motion by **Mr Cox**) adjourned.