May 2004

Changes to Australian Designs Law

On 17 June 2004 the new Designs Act 2003 (Cth) will come into effect and will apply to all design applications filed with IP Australia as of that date.

All designs applications filed after 17 June 2004 will proceed under the new Designs Act 2003 (Cth). The Designs Act 2003 (Cth) provides that design applications which are pending on 17 June 2004 will proceed under the old Designs Act 1906 (Cth), however an applicant may elect to proceed with the application under the new Designs Act 2003 (Cth).

Where a design has been registered under the Designs Act 1906 (Cth), the question of whether a person has infringed the monopoly in the design will be assessed under the provisions of the Designs Act 1906 (Cth). Designs owners with a pending design application on 17 June 2004 will have to take this into consideration when deciding whether to elect to proceed with their application under the old act or the new act.

Stephens Lawyers can provide additional information about the operation of the new Designs Act and the registration and commercialisation of designs. Stephens Lawyers IP litigation practice provides advice and prosecutes in relation to design infringement.

Changes to Australian Designs Law

Designs law is the branch of intellectual property law that protects the overall appearance of a product. Designs law must balance two competing interests:

- Without adequate protection for designs the prospect of competitors free riding on design innovations will discourage future design innovation; and
- The protection offered to design innovations must not be unduly restrictive for competitors since innovation also depends on being able to extend upon and apply previous designs

In its 1995 report, the Australian Law Reform Commission felt that the Designs Act 1906 (Cth) failed to strike such a balance. One of the foremost concerns was that designs registration was too easily obtained, but once obtained proving infringement was too difficult. The Designs Act 2003 (Cth) seeks to restore the balance.

What is a design?

The old law

Under the Designs Act 1906 (Cth) a design is defined as:

- 'Features of shape, configuration, pattern or ornamentation applicable to an article, being features that, in the finished article, can be judged by the eye, but does not include a method or principle of construction'.

The new law
The definition of a 'design' has been clarified in the *Designs Act 2003 (Cth)*.

- A 'design' is defined as the overall appearance of a product resulting from 'one or more visual features of the product'. [3]

A non-exhaustive list is then provided as to what is meant by 'visual features of a product' and there is also clarification of what are not 'visual features of a product'. [4]

Most notably, visual features continue to include the 'shape, configuration, pattern and ornamentation of a product'. [5]

The new definition simplifies the concept of a design and removes the reference to 'judged by the eye'. The phrase was deemed unnecessary since visual features of a product are solely concerned with the product's aesthetic qualities and not its functionality in any case.

**When is a design registrable?**

**The old law**

The *Designs Act 1906 (Cth)* required the design to be "new and original" before it was registrable. The design was not to be registered if it:

- Differed only in 'immaterial details'; or
- Differed in features commonly used in the relevant trade from a design that was either registered, published or used in Australia; or
- Was an 'obvious adaptation' of a design that was published or used in Australia before the priority date. [6]

**The new law**

The *Designs Act 2003 (Cth)* significantly alters the test for a registrable design.

- A design must be 'new and distinctive' before it can be registered. [7]

Both 'new' and 'distinctive' are defined:

- A design is 'new' unless it is identical to a design forming part of the prior art base.
- A design is 'distinctive' unless it is 'substantially similar in overall impression' to a design forming part of the prior art base. [8]

Further guidance is provided as to when a design is 'substantially similar in overall appearance'. Most importantly:

- More weight is to be placed on the similarities between designs than to differences between them.
- Where a design application makes special reference to a particular visual feature of the design, particular regard must be had to that visual feature.
- The standard to be applied when making the comparison is that of a person who is familiar with the product to which the design relates. [9]
Additionally, the *Designs Act 2003 (Cth)* extends the prior art base for the purpose of assessing newness and distinctiveness to designs published anywhere in the world from those published only in Australia. [10]

By broadening the prior art base and by focusing attention on the similarities rather than differences between the applicant's design and the prior art, the new test will hopefully alleviate the problem encountered in the *Designs Act 1906 (Cth)* whereby almost any minor alteration sufficed to constitute a new and original design.

**Changes to the application process for designs registration**

*The old law*

Under the *Designs Act 1906 (Cth)*:

- Applicants were required to file separate design applications to obtain protection for more than one design relating to the same product
- The Designs Office was required to undertake a full examination of a designs application before granting registration

*The new law*

The *Designs Act 2003 (Cth)* simplifies the process by:

- Allowing applicants to file a single design application to obtain protection for more than one design relating to the same product
- Allowing applicants to file a single design application to obtain protection for more than one design relating to more than one product if those products are in the same class [11]
- Permitting the Designs Office to grant registration without having to undertake a full examination of the application. [12]

Nevertheless, registration is unenforceable until it is examined substantively and certified by the Designs Office. The benefit of quicker registration is that the applicant receives an earlier priority date for the application without having to wait for the Designs Office to undertake a substantive examination. [13]

**Term of protection for a registered design**

*The old law*

The *Designs Act 1906 (Cth)* provides for a total registration period of 16 years. This is made up of an initial period of one year followed by three 5 year extensions. [14]

*The new law*

The *Designs Act 2003 (Cth)* reduces the term of protection offered to a total of 10 years. This is made up of an initial period of 5 years from the filing date of the designs application with the option of one 5 year extension. [15]

**When is a registered design infringed?**

*The old law*
To prove infringement, the *Designs Act 1906 (Cth)* required the owner of a registered design to show the defendant, without the consent of the designs owner, either:

- Applied the design or any fraudulent or obvious imitation of the design; or
- Commercially imported a product bearing the design or any fraudulent or obvious imitation of the design; or
- Sold or let for hire any article to which the design or any fraudulent or obvious imitation of the design has been applied [16]

**The new law**

The *Designs Act 2003 (Cth)* significantly alters the test for infringement. A design is infringed if a person without the registered owner's consent,

- Makes, offers to make, imports, uses, sells or otherwise disposes of a product in relation to which the design is registered; and
- That product embodies a design that is identical to or 'substantially similar in overall impression to the registered design'. [17]

The test for infringement has been significantly broadened since it not only covers a wider variety of prohibited conduct but it also expressly requires comparison of the similarities between the registered design and the allegedly infringing design. This is a welcome change given the strict interpretation by courts of the former test in the *Designs Act 1906 (Cth)*, whereby only something close to literal copying would suffice to prove infringement. [18]

**What is the 'spare parts' defence to infringement?**

There is no infringement of a design if a design is used to repair a product made of two or more parts with the aim of restoring the product's overall appearance. [19]

The defence is the outcome of much debate concerning the anti-competitive effects of providing designs protection to spare parts, especially in relation to the repair of automobiles. For example, consumer groups have voiced concern that if spare parts are protected under the Designs Act then car manufacturers would have a monopoly over the production and distribution over those parts.

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[16] Designs Act 1906 (Cth), s30.


[18] See eg, Firmagroup Australia Pty Ltd v Byrne and Davidson Doors (Vic) Pty Ltd (1987) 180 CLR 483 described in the 1995 ALRC Report as the "high watermark" of the restrictive approach, at Section 6.5; See also, Dart Industries Inc v Décor Corporation Pty Ltd (1989) 15 IPR 403