



# Design registration and the 'right to repair' in Australia

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# Background

- **Industrial designs legislation part of legislative framework governing protection of intellectual property (IP):**
  - **trade mark**
  - **copyright**
  - **patent**
  - **design**

- **Administered by IP Australia**

[http://www.ipaustralia.gov.au/new\\_designs/keyfeatures.shtml](http://www.ipaustralia.gov.au/new_designs/keyfeatures.shtml)





# Background

- ***design***, in relation to a product, means the overall appearance of the product resulting from one or more visual features of the product
  - ***visual feature*** in relation to a product includes:
    - shape
    - configuration
    - pattern
    - ornamentation
- ...which, when applied to the product, gives it a unique appearance





# Background

**Designs Act 1906 recognised as being outdated:**

- 1. 1991 Lahore inquiry recommended a complete rewrite of the Designs Act;**
- 2. 1995 Law Reform Commission Report recognised the need for special treatment for replacement parts;**
- 3. 1995 Bureau of Industry Economics Occasional Paper demonstrated the economic inefficiency of parts monopolies; and**
- 4. 1995 Industry Commission Report concluded that “parts should not qualify for design protection”**





# Background

- **Over the lifespan of several Governments, agreement that changes were necessary, but not what those changes should be**
- **Watched developments in the EU, including Designs Directive October 1998**
- **Lobbying from various quarters, including AAA (jointly with Australian Consumers Association) and insurance companies moved the agenda forward**
- **Major car companies were prepared to compromise to some degree**





# Background

- **Designs Bill ‘exposure draft’ released for public comment in May 2001**
- **Senate Inquiry into Bill – AAA made a submission March 2003**
- **Bill introduced in to Parliament December 2003**
- **Designs Act 2003 Act came into effect June 2004**





# Arguments for design registration

## Protection of designs encourages innovation

- **without design rights, innovators would not capture benefit**
- **BUT monopoly rights can disadvantage consumers by restricting competition**
- **AND push up the price of spare parts for cars**





# Arguments for reform

- **1906 Act provides ineffective protection:**
  - registration too easy to obtain
  - infringement too difficult to prove





# Arguments for reform

- **‘New or original’ (novelty) test resulted in almost every non-identical (and sometimes identical) designs being registered**
  - **car companies were able to register the designs of individual car parts and obtain monopoly rights for 16 years**
- **Courts interpretation of the novelty test was unsatisfactory**





# Arguments against reform

- **It is argued that design protection guarantees quality parts production**
- **BUT, the automotive industry comprises global brands such as Bosch, Air International, Pacific Dunlop which are known for quality spare parts manufacture and are independent of the car companies; and**
- **the provisions of the Trade Practices Act and other existing laws provide adequate protection for consumers against the manufacture of poor quality parts**





# Benefits to motorists from reform

- **Holden and Ford registered hundreds of parts which are frequently replaced in collision repairs – e.g. headlamps, turn signal lamps, bonnets, bumpers and boot lids**





# Benefits to motorists from reform

## Example (at the time):

**Toyota Corolla bonnet** **\$398 + GST**

**Aftermarket product** **\$272 + GST**

*...a saving of 30%*

**Holden Commodore bonnet** **\$395 + GST**

*... but no aftermarket product available because of  
design registration*





# Benefits to motorists from reform

- **30% saving on crash repair parts could translate into 7% reduction in insurance premiums**





# AAA arguments for reform

- **If repairs not exempted, then period of protection should be reduced from 16 years to 10 years as this more reasonably approximates the useful life of an automotive part or design**
- **Monopoly rights should not be available on replacement parts because no design innovation is possible on parts which ‘must fit’ and ‘must match’ other parts in complex manufactured goods**





# AAA arguments for reform

- **Exclusion of spare parts from design protection will ensure effective competition of the spare parts market and the ‘right of repair’ exemption provides a defence against infringement when design registered parts are used.**





# Designs Act 2003 – stricter eligibility and infringement tests

- The *Designs Act 2003* implements a higher threshold test for validity of designs; it is a **two-step test**:
  - a design is a registrable design if the design is new ***and*** distinctive when compared with the prior art base
  - the prior art base for a design consists of designs publicly used in Australia and published in a document within or outside Australia





# Designs Act 2003 – two-step test

- A design is **new** unless it is identical to a design that forms part of the prior art base for the design
- A design is **distinctive** unless it is *substantially similar* in overall impression to a design that forms part of the prior art base





# Designs Act 2003

## – what is substantially similar?

- If a person has to decide whether a design is substantially similar in overall impression, the person making the decision is to give more weight to *similarities* between the designs than to *differences* between them
  - the test provides that minor or insignificant changes to a design are irrelevant if the overall impression remains one of substantial or significant similarity





# Designs Act 2003 - stricter eligibility and infringement tests

- **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 designed to be clear and simple and for the design rights to be more readily enforceable.**





# Designs Act 2003

## – term of design protection

- **Registration of a design is for a maximum period of 10 years**
- **Considered appropriate as this is also the minimum term required consistent with Australia's obligations under the WTO agreement on trade-related aspects of intellectual property rights (TRIPs)**





# 'Right of repair'

- **Designs Act 2003 does not mention car parts, spare parts, second hand parts cars – too complex**
- **Similarly, did not want to exclude from registration designs which 'must fit' and must match' as too complex and difficult to implement**





# 'Right of repair'

- **Did not want to define all these terms and their application to various vehicle types**
  - **or other products in a range of industries such as toner cartridges for computer printers and replacement parts for pumps**





# 'Right of repair'

**Elegant solution:**

***Certain repairs do not infringe registered design  
(section 72)***





# 'Right of repair'

**The Act includes a defence against infringement where:**

- **the product is a component part of a complex product; and**
- **the use is for the purpose of the repair of the complex product**
- ***complex product* means a product comprising at least 2 replaceable component parts permitting disassembly and re-assembly of the product**





# 'Right of repair'

- **For the purposes of this section:**
  - **A repair is taken to be so as to restore the overall appearance of a complex product in whole if the overall appearance of the complex product immediately after the repair is not materially different from its original overall appearance**





# Conclusion

- **IP Australia expected to monitor the effectiveness of these provisions and provide a formal review of the special treatment of spare parts before the end of 2005.**
- **Car manufacturers not registering parts**
- **Designs Act seems to be working well**





# Recommendations

- **THAT the Legal and Consumer Affairs Commission note the recent changes to the Designs Act 2003 in Australia, including a ‘right of repair’ exemption.**
- **THAT the Legal and Consumer Affairs Commission consider how the changes to the Australian Designs Act 2003 might be applied to the law within EU Member States.**

