The Fairbane Group

DESIGNS AMENDMENT (ADVISORY COUNCIL ON INTELLECTUAL PROPERTY RESPONSE) BILL 2020 CONSULTATION

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28 August 2020

IP Australia
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Sent by email to: ***consultation@ipaustralia.gov.au***

Dear Sir/Madam,

DESIGNS AMENDMENT (ADVISORY COUNCIL ON INTELLECTUAL PROPERTY RESPONSE) BILL 2020 CONSULTATION

Table of Contents

We would like to extend our gratitude for the opportunity to provide a discussion paper to the *Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020* by IP Australia.

It is imperative now more than ever that the business community is engaged with and new ideas are brought to the table. Government has a role to play in making a more inclusive and conducive environment for businesses to operate.

Our paper will discuss a limited and discrete selection of issues and do not form the entirety of our positions on all related areas of interest.

About Fairbane

The Fairbane Group ("Fairbane") is a consulting and private investment group that provides advice and opinions on policy issues to various industry groups and interested stakeholders. Fairbane is the successor entity to a series of consulting and investment groups that date back to the early 2000s. We are experienced in financial markets, legal services, and management consulting. Our operations span internationally and include Australia, the United States of America, the United Kingdom, Canada, Dubai, as well as parts of South-East Asia and Europe.

Fairbane is fortunate enough to have had members work with organisations such as: Deloitte, Ernst & Young, the Australian Government in the Departments of Defence, Trade, Health and Aged Care, the United Kingdom Departments of Defence, and National Health Service, various medium to large companies in industries ranging from Finance, Aerospace, Biotechnology, Communications, Computing, Construction and Resources.

Fairbane is a truly future-oriented organisation with a unique vision for the world. Fairbane's vision is to push the boundaries and reach out to the horizons of scientific and technological boundaries and do so by ensuring there is the freedom and flexibility available to individual businesses and their industries as a whole to compete and prosper.

At Fairbane, the world in the year 2020 is seen through the lens of what the world could and may well be like in the year 2100 and 2200. This means encouraging development of new ideas and providing a foundation for the new technologies that come from them.

Fairbane provides advice to various companies and individuals in the media industry, primarily in the emerging sub-markets and emerging technologies and platforms, particularly start-ups. Our expertise comes from a management consulting perspective and from legal advice to clients and partners, and policy advice to various entities.

Litigation Environment in Intellectual Property

It is relevant to note that the primary function of Intellectual Property Laws should be to act as a deterrent to possible use and misuse of Intellectual Property, through a clear and easily understandable system in which businesses can feel confident that their intellectual property rights are protected. The reason for this should be abundantly clear to policy makers and lawyers alike – litigating an IP right is costly and is often decided by the party with the deeper pockets.

One only needs to look at recent years with IP claims and resultant litigation by parties such as Apple, Microsoft and Samsung. Any claim or counter claim even by a moderately large corporation will have little chance against these multi-billion dollar leviathans, irrespective of whether the law technically sides with the smaller party.

Therefore, it is important to colour any impression with the knowledge that there are practical encumbrances on any legislation, and regulation must be implemented with this in mind. Often the regulatory framework only hinders smaller players from participating rather than providing equal protection for the IP rights of all concerned.

Designs Amendment (Advisory Council on Intellectual Property Response) Bill

The legislation in question aims to provide a greater level of protection for parties registering their IP and provide a more streamlined process for resolving disputes over prior title.

It is worth noting, some parties will always attempt to manipulate the system that is in place and the more regulations, the more provisions exist, the more opportunity there is for this misappropriation to occur.

Consultation question: *In the new provisions, and in existing provisions, the expression "the registered owner's predecessor in title" is used. Will this cover, as we intend, any predecessors in title where the right has had more than two owners?*

In regard to the above consultation question the best scenario would be that "any and all prior owners" be inserted into the end of the provision.

1 Subsection 17(1)

Repeal the subsection, substitute:

(1) For the purpose of deciding whether a design (the ***subject design***) is new and distinctive, the person making the decision must disregard any of the following publications or uses that occur in the period of 12 months ending at the end of the day before the priority date in relation to the subject design:

(a) a publication or use of a design (which may or may not be the subject design) by the registered owner of the subject design or the registered owner's predecessor in title;

The paragraph (a) would read:

"a publication or use of a design (which may or may not be 12 the subject design) by the registered owner of the subject design or any of the registered owner's predecessors in title;"

This would assist in removing any doubt in whether predecessors in title be captured by the legislation and hopefully reduce the risk of disputes arising.

In regard to the following consultation question:

Consultation question: *Under s 13(1)(b), where a person creates a design in the course of employment, or under a contract with another person, the person entitled to registration is the employer or the other person under the contract. If the employee/contractor designer were to publish or use the design, would that disclosure be covered by the grace period, either by treating the designer as a "predecessor in title", or under doctrines of agency, or otherwise? If not, is this a problem?*

Perhaps it would be necessary to explicitly refer to this scenario in the provision by way of a specific paragraph or sub-paragraph.

A clear provision that highlights that the grace period will apply to employees consistent with agency law principles will ensure there are less disputes between employees and employers over who owns particular Intellectual Property.

In regard to 17(1A) and its intention that: "publication of a design by national or international designs office will not enliven the grace period" there should be clarification as to whether intellectual property holders' rights are adversely affected.

> ***Consultation question**: Is the exclusion of publications of foreign national and international designs offices appropriate? Will it have any unintended consequences?*

It is arguable whether there will be unintended consequences, disputes may arise if there is a situation where IP has been registered overseas and another party seeks to challenge that IP, the party will have to rely on the foreign jurisdiction to prosecute their claims rather than relying on Australian law.

Concluding remarks

As mentioned earlier in our submissions, there are numerous practical considerations that small businesses must account for that do not necessarily factor into larger corporations or government policy. For these reasons often the law is either obsolete before it is enacted or it is entirely irrelevant until an issue is raised with the small business. For example, a small business can enact a trademark or patent, but if a large multi-national seeks to claim IP rights over the small business, then it becomes a question of who has deeper pockets. Such is the case with many legal scenarios, the law is painfully lacking in its pursuit of justice – at all – let alone for all.

The pragmatic solutions for small businesses lie in minimal exposure to the general market which in turn means minimal interaction with the IP legal system. This effectively means that they may register a trademark or a patent, but they may not embark on the full process or they complete the process in a piecemeal fashion. In preparation for the possibility that they must defend that IP right. It is better strategic

advice to encourage the small business to continually evolve their commercial secrets – their trade secrets – and keep them out of the IP system, which means being more versatile, and more adaptive through harnessing the full spectrum of technology available to them to continue to evolve and thereby protect their intellectual property, rather than retrospectively trying to reclaim it once it has been taken and then challenged by a large predatory competitor.

From a certain point of view, the IP law system globally is another example, much in the same way the banking system, the energy system, and many established industries are protected by regulation and ensure that the large players are able to benefit from regulation whilst smaller competitors are left vulnerable and exposed to the procedurally heavy and litigation-friendly regulatory environment.

None of these comments are criticisms of lawyers or judges, nor of bureaucrats or even politicians. It is a reality of the world we live in, and small businesses continue to navigate that regulatory world by using their small size as an advantage. It would be preferable that there was an even playing field. A solution to this would be less regulation and less pathways for disputes to be bogged down by procedure. This is just a thought. Nobody really wins after 10 years fighting a patent or a trademark in court.

Even lawyers fighting a case will tell you there is a mixed feeling when a matter settles after 5 years of litigation, or when a decision is made by a court and there is a sense of finality that does not quite feel final. The nature of disputing any claim leaves both the litigants and their representatives emersed in the dispute more and more the longer the matter goes on. So much so that even after the matter settles there is a sentiment of attachment to the matter such that whatever the outcome, it will feel unsatisfactory to the non-rational elements of the mind.

That solution of less regulation would mean less litigation. These issues may be of procedural consideration but if the substantive law were lessened, a true free market

notion would allow small businesses to survive and prosper as much as any larger competitor. This is contrary to the prevailing sentiment of the day. Perhaps in 200 years from now we will realise we never had a free market approach to these problems.

Again, we thank IP Australia for holding these consultations. It is an opportunity to speak out, particularly for those representing the small businesses that fight and struggle every day - and perhaps someday be heard.

We would welcome the opportunity to both write and speak to the issues raised in this paper, any further discussion or public hearing would be gratefully appreciated.
If you have any questions or wish to invite us to talk on any issues, we welcome any further consultation. You can contact us at office@fairbane.com.au.

Yours faithfully

Fairbane

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