

2002

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

DESIGNS (CONSEQUENTIAL AMENDMENTS) BILL 2002
EXPLANATORY MEMORANDUM

(Circulated by authority of the Parliamentary Secretary to the Minister for Industry,
Tourism and Resources, the Hon Warren Entsch MP)

DESIGNS (CONSEQUENTIAL AMENDMENTS) BILL 2002

OUTLINE

This Bill amends the *Copyright Act 1968* to correct the anomalies that possibly defeat the policy intent of a number of provisions that operate generally to limit copyright protection for essentially industrial products. The Bill also makes amendments to a number of other Acts consequential to the enactment of the *Designs Act 2002*.

Schedule 1 amends the *Copyright Act 1968* to give effect to the Government's Response to recommendations 170 to 181 of the Australian Law Reform Commission (ALRC) Report No. 74 *Designs*. In addition, Schedule 1 contains amendments that are consequential to the enactment of the *Designs Act 2002*.

These recommendations relate to sections 74 to 77 of the Copyright Act, which limit the overlap of copyright protection and design protection by removing copyright protection for essentially industrial products. The broad policy is that artistic works commercially exploited as three-dimensional designs should generally be denied copyright protection. However, artistic works exploited as two-dimensional designs continue to receive copyright protection (and may have dual protection if registered as a design). The ALRC supported the policy underlying sections 74 to 77 and the level of protection but recommended amendments to give more clarity and legal certainty.

The amendments are to:

- clarify the meaning of the term “work of artistic craftsmanship”;
- amend the definition of “corresponding design” to deal with certain technical difficulties;
- provide that certain acts do not infringe copyright where they occur in the course of, or incidental to, the making or sale of non-infringing products;
- provide that the exemption for buildings or models of buildings from the effect of section 77 of the Copyright Act does not extend to portable buildings;
- provide that the publication of a complete patent specification or a representation in a design application relating to a corresponding design is deemed to be an industrial application of that corresponding design; and
- clarify when industrial application occurs for the purpose of section 77.

Schedule 2 amends a number of Acts consequential to the enactment of *the Designs Act 2002*.

FINANCIAL IMPACT

It is not expected that the Bill will have a direct financial impact.

NOTES ON INDIVIDUAL CLAUSES

Clause 1 — Short title

1. This clause provides for the Act to be cited as the *Designs (Consequential Amendments) Act 2002*.

Clause 2 — Commencement

2. This clause provides for the commencement of each Schedule to this Bill. Both Schedules 1 and 2 will commence immediately after section 4 of the *Designs Act 2002*.

Clause 3 — Schedule(s)

3. This clause provides that each Act specified in a Schedule to this Bill is to be amended or repealed according to the relevant provisions of the Schedule. Any item in a Schedule has effect according to its terms.

Schedule 1 — Copyright Act 1968

Notes on items

Item 1 — Subsection 10(1) (paragraph (c) of the definition of *artistic work*)

4. This item amends paragraph (c) of the definition of “artistic work” in subsection 10(1) of the Copyright Act by omitting “to which neither of the last two preceding paragraphs applies”, and substituting “whether or not mentioned in paragraph (a) or (b).”

5. This amendment clarifies that a work can be both a work of artistic craftsmanship and an artistic work under paragraph (a) or (b) of the definition of “artistic work”. For example, a sculpture can be a work of artistic craftsmanship notwithstanding that it is also an artistic work under paragraph (a).

6. This amendment is intended to remove uncertainty as to the meaning of the term “work of artistic craftsmanship” for the purposes of section 77. Section 77 provides a defence to copyright infringement where a corresponding design is applied industrially and the design is not registered or is not registrable under the Designs Act. Section 77 does not operate where the artistic work that relates to the corresponding design is a work of artistic craftsmanship. If a sculpture is a work of artistic craftsmanship, it will retain copyright protection after being applied industrially (but copyright protection is lost if a corresponding design is registered as a design).

Item 2 — Section 74 (definition of *corresponding design*)

7. This item amends the definition of “corresponding design” in section 74 of the Copyright Act by omitting all the words after “means”, and substituting “visual features of shape or configuration which, when embodied in a product, result in a

reproduction of that work, whether or not the visual features constitute a design that is capable of being registered under the *Designs Act 2002*”.

8. This amendment will replace reference in section 74 to a design that is “applied to an article” with the concept of visual features of shape or configuration that are “embodied in a product”. The new wording is consistent with terms used in the *Designs Act 2002*.

9. The definition of “corresponding design” in section 74 is pivotal to the operation of sections 75 to 77 which limit excessive copyright protection of industrial products. This amendment, together with the amendment in item 3, is intended to address problems associated with the definition that is to be replaced.

10. One difficulty with the existing definition has been the meaning of the word “design”. It has been held that the word has the same meaning as is given to it in the *Designs Act 1906*. The consequence is that a design that did not fall within the *Designs Act* definition could not be a “corresponding design” for the purposes of the Copyright Act. As a result, these designs fell outside the reach of sections 75 and 77 of the Copyright Act and received full copyright protection. Thus drawings of utilitarian three-dimensional articles such as pump parts that are not registrable as designs (because they constitute a method or principle of construction) are entitled to copyright protection because the drawings are not “corresponding designs”. This is an anomalous result contrary to the intention of the legislation to limit copyright protection for utilitarian three-dimensional products. The amended definition clarifies existing policy by focussing on the three-dimensional aspects of a design.

Item 3 — At the end of section 74

11. This item adds a definition of “embodied in” for the purposes of subsection 74(1).

12. Another difficulty with the definition of “corresponding design” that is to be replaced was its exclusion of a design consisting solely of features of two-dimensional pattern or ornamentation applicable to the surface of an article. This exclusion was intended to give effect to the policy that artistic works should continue to receive copyright protection as artistic works when exploited as two-dimensional “surface” designs.

13. However, there was doubt about how the exclusion related to a design that was not strictly applied to the surface but formed part of an article such as textured designs, bas-relief, embroidery, weaves and knits. Designers and textile manufacturers therefore could have been uncertain as to whether their designs would receive copyright protection or should be registered as designs.

14. This amendment, together with the changes made at item 2, clarifies that visual features can be embodied in a product by being woven into, impressed on or worked into the product. That is, a “corresponding design” can include artistic works exploited in products such as tapestries, knitted items and carpets. The amendments therefore clarify the circumstances where copyright protection will be lost and design registration would be necessary for a corresponding design to receive statutory protection. For example, artistic works will not have copyright protection (when used

as a design) if a corresponding design is not registered but is industrially applied — unless they are works of artistic craftsmanship, buildings or models of buildings.

15. Under the amended definition, artistic works exploited in two dimensions as visual features of pattern or ornamentation will remain excluded from the definition of “corresponding design” and therefore retain copyright protection.

Item 4 — Section 75

16. This item amends section 75 by omitting all the words after “under”, and substituting “the *Designs Act 1906* or the *Designs Act 2002* on or after that commencement, it is not an infringement of that copyright to reproduce the work by embodying that, or any other, corresponding design in a product”.

17. Section 75 is part of the legislative scheme that limits dual copyright protection and design protection for designs that are mass-produced in three-dimensional form. This provision provides a defence to infringement of copyright in an artistic work (such as drawings) where a corresponding design is or has been registered as a design. Another person will not infringe copyright in an artistic work by reproducing the work in three-dimensional form when applying a corresponding design to a product.

18. This amendment applies section 75 to corresponding designs registered under the *Designs Act 2002* ensuring that the copyright limitation continues on commencement of that Act.

19. This amendment is also consequential to changes to the definition of “corresponding design” at item 2 which replace the words “applied to” with the words “embodied in” and replace the word “article” with the word “product”.

Item 5 — Paragraphs 77(1)(b) and (c)

20. This item repeals paragraphs 77(1)(b) and (c) and substitutes new paragraphs.

21. Section 77 limits copyright protection for an artistic work that is industrially applied as a three-dimensional design with the consent of the copyright owner but is not registered or is not registrable as a design under the Designs Act. The provision provides a defence to copyright infringement where another person reproduces the artistic work in three-dimensional form when applying a corresponding design to a product. There are a number of exceptions to ensure that this provision does not operate unfairly.

22. The amendments to paragraph 77(1)(b) make it clear that it refers to the fact of industrialisation, not the first industrial application.

23. Section 77 applies where both industrial application and sales occurred after 1 October 1990, the commencement date for paragraphs 77(1)(b) and (c) prior to this amendment. Doubt has been expressed about whether the defence applies where industrial application occurred before 1 October 1990 but sales occur after that date or where a corresponding design was first industrially applied before 1 October 1990 and further manufacture and sales occurred after that date. The new wording clarifies

that paragraph 77(1)(b) is not restricted to industrial application that occurs after 1 October 1990 and would apply in the above circumstances.

24. This item also amends paragraph 77(1)(c) to reflect that the amendments in item 2 replace the word “article” with the word “product” in the definition of “corresponding design”.

Item 6 — Paragraph 77(1)(d)

25. This item omits “1906” and substitutes “2002”. This is a consequential amendment to ensure that the defence under section 77 applies to a corresponding design that was not registered or registrable under the *Designs Act 2002*.

Item 7 — At the end of paragraph 77(1)(d)

26. This item adds the words “or under the *Designs Act 1906*” to clarify that section 77 will continue to apply to a corresponding design that was not registered or registrable under the *Designs Act 1906*.

Item 8 — After subsection 77(1)

27. This item adds new subsection 77(1A).

28. This provision provides that section 77 applies where a complete patent specification that discloses a product made to a corresponding design or a representation of a product made to a corresponding design and included in a design application is published in Australia, whether or not paragraphs 1(b) and (c) are satisfied in relation to the corresponding design.

29. In effect, this means that the publication of a complete patent specification or a design representation is made equivalent to an authorised industrial application of a corresponding design and offering for sale of products made to the corresponding design. The manufacture of such products will not constitute an infringement of copyright in the specifications or representations, provided the other preconditions in section 77 are met.

30. This amendment deals with the issue of copyright protection in drawings or representations accompanying applications for patents or designs. It allows for the manufacture of a three-dimensional object illustrated in a published patent specification or design representation without infringing copyright.

Item 9 — Subsection 77(2)

31. This item repeals subsection 77(2) and substitutes a new subsection.

32. This amendment in part is consequential to item 2 which amends the definition of “corresponding design” by replacing the words “applied to an article” with the words “embodied in a product”.

33. This amendment is also consequential to item 8 which adds new subsection 77(1A). Paragraphs 77(2)(b) and (c) are added so that the defence to

copyright infringement provided in subsection 77(2) can operate where a complete specification or a representation is first published in Australia.

Item 10 — Subsection 77(3)

34. This item inserts the words “or products” after the word “articles” in subsection 77(3). This amendment is consequential to the inclusion of the word “product” in the definition of “corresponding design” at item 2.

Item 11 — Subsection 77(3)

35. This item inserts the words “or the *Designs Act 2002*” after “1906”. This amendment is consequential to the enactment of the *Designs Act 2002*.

36. Subsection 77(3) provides an exception to section 77 where a corresponding design is excluded from registration by regulations made under the *Designs Act 1906*. A similar power to exclude designs from registration by regulations will be provided for in the *Designs Act 2002*.

37. This amendment ensures that, as at present, copyright protection continues to be available for a corresponding design excluded from design registration by regulations made under the *Designs Act*.

Item 12 — Paragraph 77(3)(a)

38. This item omits the words “under that Act in respect of those articles” and substitutes “under the *Designs Act 1906* in respect of those articles, or under the *Designs Act 2002* in respect of those products”.

39. This is a consequential amendment to reflect that a design application under the *Designs Act 2002* would be made in respect of a “product” rather than an “article”.

Item 13 — At the end of section 77

40. This item adds subsection 77(5).

41. This amendment adds definitions of the terms “building or model of a building”, “complete specification” and “representation”.

42. Buildings and models of a building are exempt from loss of copyright protection under section 77. The definition of “building or model of a building” is intended to clarify that this exemption does not encompass portable buildings such as sheds, pre-constructed swimming pools and demountable buildings. Design protection is available for such products and it is not appropriate that drawings relating to designs should retain copyright protection upon industrial application.

43. The definitions of “complete specification” and “representation” are added because these terms are inserted by item 8. The terms have the same meaning as in the *Patents Act 1990* and the *Designs Act 2002* respectively.

Item 14 — At the end of Division 8 of Part III

44. This item adds section 77A.

45. Section 77A establishes a defence to copyright infringement for certain acts that occur in the course of, or incidental to, making non-infringing products.

46. Sections 75 and 77 permit three-dimensional products to be reproduced without infringing copyright in an artistic work that relates to the design. However, a practical problem arises from the fact that it is not permissible to produce either a plan or drawing, or possibly a mould from which the product is made. That is, a drawing or plan made in the course of manufacturing non-infringing three-dimensional products may infringe copyright in the original drawing or plan. Unless such indirect copying in the course of manufacture is permissible, the legislative purpose of avoiding dual copyright and design protection for three-dimensional products may be frustrated.

47. A similar problem may also arise in advertising a non-infringing product if a sketch or photograph of it used in an advertisement or catalogue infringes copyright in the original artistic work.

48. This amendment should not affect the copyright protection of an original artistic work against direct copying.

49. Section 77A(1) provides that it is not an infringement of copyright in an artistic work to reproduce the artistic work, or communicate the reproduction, if the reproduction is derived from a three-dimensional product that embodies a corresponding design in relation to the artistic work, and the reproduction is in the course of, or incidental to, making a product that does not infringe copyright because of the operation of Division 8 of Part III of the Copyright Act. Similarly a reproduction or communication is not an infringement of copyright where the reproduction is for the purpose of selling or letting for hire the non-infringing product or offering or exposing the non-infringing product for sale or hire. Including the communication of a reproduction in this provision will allow non-infringing products to be advertised and sold to the public using on-line communications systems such as the Internet without infringing copyright in an artistic work that relates to the corresponding design.

50. Section 77A(2) provides that it is not an infringement of copyright to make a cast or mould embodying a corresponding design if the cast or mould is for the purpose of making products that would not infringe copyright because of the operation of this division.

Schedule 2 — Consequential amendments of other Acts

A New Tax System (Wine Equalisation Tax) Act 1999

Item 1 — Paragraph 9-70(2)(c)

1. This item amends paragraph 9-70(2)(c) of the *A New Tax System (Wine Equalisation Tax) Act 1999* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*.

ANL Act 1956

Item 2 — Paragraph 53(1)(b)

2. This item amends paragraph 53(1)(b) of the *ANL Act 1956* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*.

Item 3 — Subsection 53(1)

3. This item amends subsection 53(1) of the *ANL Act* to ensure that any rights that were preserved because a design was registered under the *Designs Act 1906* continue to be preserved on commencement of the *Designs Act 2002*.

Australian Communications Authority Act 1997

Item 4 — Paragraph 55(4)(b)

4. This item amends paragraph 55(4)(b) of the *Australian Communications Authority Act 1997* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*.

Item 5 — Paragraph 55(4)

5. This item amends subsection 55(4) of the *Australian Communications Authority Act* to ensure that any rights currently preserved by virtue of a design registration under the *Designs Act 1906* will continue to be preserved on commencement of the *Designs Act 2002*.

Australian Hearing Services Act 1991

Item 6 — Paragraph 66(3)(b)

6. This item amends paragraph 66(3)(b) of the *Australian Hearing Services Act 1991* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*.

Item 7 — Subsection 66(3)

7. This item amends subsection 66(3) of the Australian Hearing Service Act to ensure that any rights that were preserved because a design was registered under the *Designs Act 1906* continue to be preserved on commencement of the *Designs Act 2002*.

Commonwealth Banks Act 1959**Item 8 — Paragraph 128(4)(b)**

8. This item amends paragraph 128(4)(b) of the *Commonwealth Banks Act 1959* to ensure that any rights currently preserved by virtue of a design registration under the *Designs Act 1906* will continue to be preserved on commencement of the *Designs Act 2002*.

Commonwealth Services Delivery Agency Act 1997**Item 9 — Paragraph 38(2)(b)**

9. This item amends paragraph 38(2)(b) of the *Commonwealth Services Delivery Agency Act 1997* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*.

Item 10 — Subsection 38(2)

10. This item amends subsection 38(2) of the Commonwealth Services Delivery Agency Act to ensure that any rights that were preserved because a design was registered under the *Designs Act 1906* continue to be preserved on commencement of the *Designs Act 2002*.

Customs Act 1901**Item 11 — Subsection 157(3) (definition of *design*)**

11. This item amends subsection 157(3) of the *Customs Act 1901* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*.

Freedom of Information Act 1982**Item 12 — Schedule 3**

12. This item amends Schedule 3 to the *Freedom of Information Act 1982* to replace the reference to “*Designs Act 1906*, subsection 40F(2)” with “*Designs Act 2002*, paragraph 61(1)(a) and sections 108 and 109”.

13. Section 61 of the Designs Act provides generally that, prior to the registration or publication of a design, documents relating to a design must not be published or be open to public inspection, and are not liable to be inspected or produced before the Registrar of Designs or in a legal proceeding. This is to ensure that the design applicant is not to be disadvantaged by details of the design becoming available to competitors before the design is registered or published at the request of the applicant. Section 108 of the Designs Act empowers the Registrar of Designs to prohibit or restrict the publication of information about the subject matter of a design application where this appears necessary or expedient to secure the defence of the Commonwealth. Section 109 creates an offence of contravening an order issued under subsection 108(1). The amendments to Schedule 3 to the Freedom of Information Act will ensure that documents relating to design applications that are not publicly available under the Designs Act, because of the operation of paragraph 61(1)(a) or sections 108 and 109 of that Act, will not be available under the Freedom of Information Act.

Health Insurance Commission Act 1973

Item 13 — Paragraph 41C(7)(b)

14. This item amends paragraph 41C(7)(b) of the *Health Insurance Commission Act 1973* to ensure that any rights currently preserved by virtue of a design registration under the *Designs Act 1906* will continue to be preserved on commencement of the *Designs Act 2002*.

Jurisdiction of Courts (Cross-vesting) Act 1987

Item 14 — Schedule

15. This item amends the Schedule to the *Jurisdiction of Courts (Cross-vesting) Act 1987* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*.

Radiocommunications Act 1992

Item 15 — Paragraph 188A(4)(b)

16. This item amends paragraph 188A(4)(b) of the *Radiocommunications Act 1992* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*.

Item 16 — Subsection 188A(4)

17. This item amends subsection 188A(4) of the Radiocommunications Act to ensure that any rights in a registered design protected by virtue of registration under the *Designs Act 1906* will continue to enjoy that right.

Telecommunications Act 1997**Item 17 — Paragraph 417(4)(b)**

18. This item amends paragraph 417(4)(b) of the *Telecommunications Act 1997* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*.

Item 18 — Subsection 417(4)

19. This item amends subsection 417(4) of the Telecommunications Act to ensure that any rights in a registered design protected by virtue of registration under the *Designs Act 1906* will continue to enjoy that right.

Telstra Corporation Act 1991**Item 19 — Paragraph 16(1)(b)**

20. This item amends paragraph 16(1)(b) of the *Telstra Corporation Act 1991* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*.

Item 20 — Subsection 16(1)

21. This item amends subsection 16(1) of the Telstra Corporation Act to ensure that any rights that were preserved because a design was registered under the *Designs Act 1906* continue to be preserved on commencement of the *Designs Act 2002*.

Tobacco Advertising Prohibition Act 1992**Item 21 — Paragraph 9(1)(d)**

22. This item amends paragraph 9(1)(d) of the *Tobacco Advertising Prohibition Act 1992* to replace the reference to the *Designs Act 1906* with one to the *Designs Act 2002* consequential to the repeal of the *Designs Act 1906* and commencement of the *Designs Act 2002*. The amendment also replaces the reference to “articles” with “products” consistent with the terminology in the *Designs Act 2002*.