



Australian Consumers' Association
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11 March 2003

The Secretary
Economics Legislation Committee
Department of the Senate
Suite SG.64
Parliament House
Canberra ACT 2600



Re: Designs Bill 2002

Dear Madam or Sir

Please find enclosed a submission to the Committee in regard to the above Bill.

I am available to give further information to the Committee if that will be of assistance. To that end you might note that I currently plan to be in Canberra, and indeed in the Parliament, on the morning of Thursday 27th March. Consequently if an opportunity to meet with the Committee was convenient on the afternoon of either Wednesday 26th or Thursday 27th March that would suit me best. Otherwise please contact me and I will make suitable arrangements to attend at another time.

Yours sincerely

Norm Crothers
General Manager – Content & Publishing.

Australian Consumers' Association

Submission

to

Senate Economics Legislation Committee

regarding

Designs Bill 2002

The Australian Consumers' Association (ACA) is an independent body which represents the interests of Australian domestic consumers. ACA is also the publisher of CHOICE magazine and other consumer information.

The only component of the Designs Bill 2002 which we believe is of concern to consumers is that regarding the right of repair, Part 2 Section 72.

Three significant inquiries¹ and an economic study² over the past twelve years have considered the way in which the Designs Act has been, and continues to be, used to protect the manufacture and supply of spare parts – primarily for motor cars.

Their conclusions have consistently been that the use of registered designs to monopolise the supply of repair parts is:

- certainly not an intention of the Act, and that the law should be changed to prevent this; and
- the behaviour is economically adverse for consumers and some businesses.

ACA has been actively involved in most of these reviews and has been negotiating with various sections of the automotive industry, motoring organisations and government agencies. What we have sought to achieve is the abolition of the practice of certain motor car manufacturers, and some other key product makers, from using the Designs Act to register component parts of cars as unique designs and then to use their registration to prevent others from competing in the supply of these parts.

On many occasions it has been shown that when competitive parts become available in the market place consumers can purchase equal or better quality parts at much lower prices.

ACA believes the right of repair section in the Designs Bill 2002 will, while not preventing manufacturers from registering designs, allow legitimate third party spare part suppliers to enter the market more, and help keep spare parts available and affordable for consumers. At the same time design registrations may prevent inappropriate copying of designs to augment motor cars not needing repair.

This Bill is in this regard a good compromise between the needs of all the parties concerned and ACA commends it to the Senate.

For further information please contact at ACA the responsible officer, Norm Crothers, on 02 9577 3218 or ncrothers@choice.com.au.

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¹ The 1991 Lahore Inquiry into Designs recommended a complete rewrite of the Designs Act 1906. The Australian Law Reform Commission's 1995 "Report No.74" on Designs recognised the need for special treatment for replacement parts. The Industry Commission's 1995 "Report No.43" on Vehicle and Marine Insurance Industries concluded, "parts should not qualify for design protection" (p139).

² The Bureau of Industry Economics' 1995 "Occasional Paper 27" demonstrated the economic inefficiency of parts monopolies.