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Australia first introduced a form of a “right of repair” into its designs law in 2003 when the “spare parts” defence to designs infringement was introduced. This defence, which introduced the new concept of repairability into Australian designs law lay dormant and untested until 2019 Federal Court decision of GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd. This article examines history and context behind the introduction of Australia’s “spare parts” defence and contributes some thoughts as to the positive role that the repair defence in designs law could play in facilitating a broader consumer right to repair in Australia. Through analysing GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd, we highlight the detailed and complex nature of the spare parts defence, as well as its inadequacies. We argue it is timely to not only revisit the “repair defence” within designs law as it currently stands, but also to reflect more broadly, on how embedding a broader notion of repairability in Australian designs law would encourage a more “green” and sustainable designs scheme for Australia. This, in turn, would facilitate Australia’s ongoing commitment to the United Nation’s Sustainable Development Goals by allowing Australian consumers and designers to embrace and engage in a more environmentally sustainable, circular economy.

INTRODUCTION

While Australian designs law has long recognised the importance of repairability, the repair of one’s goods, the availability of spare parts and repair information more generally, has become a topic of much discussion, particularly among the owners of smart phones, cars, digitally enhanced goods and machinery. This concern is behind the growth of the international right to repair movement: a movement which not only promotes legislative intervention to facilitate consumers’ ability to repair their goods but also to hold manufacturers more accountable for the unsustainable, unrepairable products that they produce. Put simply, the aim of this article is to consider the role that the repair defence¹ in Australian designs law could play in facilitating a broader consumer right to repair in Australia.

The debate over the type of protection that should be afforded to spare parts generally has, over time, sparked much controversy and opinion, giving weight to the idea that spare parts should be protected by designs law.² Though designs law affords protection to the visual appearances of articles and products and, in turn, encourages innovation, there are also the countervailing considerations of effective market competition, balance of market power and consumer protection. For example, the enactment of the right to repair defence in Australian designs law greatly concerned car manufacturers, due to a combination of legal and market developments. In particular, technological developments had made it

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1 The repair defence in the Designs Act 2003 (Cth) is also commonly referred to as the “spare parts” defence. Given the Federal Court in GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97 adopted the term “repair defence”, we will use this terminology for consistency.

easier to reproduce parts by reverse engineering, and it had become increasingly common to carry out car repairs by replacing parts rather than repairing them. 3

Section 71 of the Designs Act 2003 (Cth) states that “an infringing act occurs if, without the appropriate authority, a person deals in certain ways with a product that embodies (or substantially embodies) a registered design”. The 2003 redesign of the Designs Act 1906 (Cth), introduced the “repair defence” by the insertion of s 72. Section 72 stipulates that it does not infringe a registered design to use, or authorise another person to use, a product that is a component part of a complex product, “for the purpose of the repair of the complex product so as to restore its overall appearance in whole or part”. Of particular importance is s 72(2), which places the onus on the owner of the registered design to prove that parts were being made, supplied or used for non-repair purposes. It was thought at the time that placing the onus on the spare parts suppliers or manufacturers would act as a disincentive for new participants to enter the spare parts market. 4 If suppliers or manufacturers are knowingly participating in using spare parts for non-repair purposes, or if they should have reasonably known that they are doing so, then they should not be able to hide behind the right of repair defence. 5 It was highlighted that the repair defence needed to serve the role of balancing competition law and innovation/IP law as competing interests:

The use of design registered parts for non-repair purposes will be an infringement of the registered design but the onus will be on the design owner to prove that parts were being used for non-repair purposes.

The purpose of the s 72 defence balances competing interests. On the one hand, there is a desire to provide incentive for creative activity in design by retaining the protection of a design registration for spare parts for complex products and on the other, there is a desire to strike a balance to enable competition in the spare parts market by placing the onus on the design owner to prove that the parts were being used for non-repair purposes. 6

It was in 2019 that the Australian Federal Court tested the scope of the repair defence to design infringement for the first time in GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd. 7 This decision highlights the defence’s complexity and the difficulty that a registered design owner faces in proving that an alleged infringer did not have a repair purpose. The outcome of the case – the right of repair reverse defence 8 – has had a substantive impact on the repair industry.

This article begins by providing a historical background of the “repair defence” in Australian designs law. We then turn to analyse this important Federal Court decision, as it highlights not only the detailed and complex nature of the spare parts defence, but also its inadequacies. Following this, we discuss why it is timely not only to revisit the “repair defence” within designs law as it currently stands, but also to reflect more broadly on how Australian designs law could be more aligned with the UN Sustainable Development Goals (SDGs), thus furthering Australia’s commitment to a more environmentally sustainable circular economy. Finally, the article scrutinizes what Australian designs law could do to accommodate and facilitate repair and considers a “greener” and more sustainable design scheme for Australia.

BACKGROUND TO THE REPAIR DEFENCE

The scope of protection provided for a registered design under Australia’s first Designs Act 1906 (Cth) was extremely narrow, with the result that only a minor variation in appearance was necessary to avoid

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6 Explanatory Memorandum, Designs Bill 2002 (Cth).
8 This repair defence operates as a complete defence against infringement and the registered owner of the design has the burden of proving that the repairer knew or ought reasonably to have known that the use or authorisation was not for the purpose of restoring the overall appearance of the complex product.
infringement of registered design rights. The *Designs Act 1906* (Cth) did not contain a spare parts or repair defence, meaning that the design rights holders could withhold their permission for spare parts to be produced. This, in turn, created the potential for anti-competitive behaviours to develop around the development of market monopolies for spare parts. There was a lot of dissatisfaction and concern, not only by users of the design registration system but also by those who chose not to engage with the design registration system, that the 1906 Act was in desperate need of revision and updating.

After a significant amount of public consultation, the *Designs Act 2003* (Cth) was introduced, eventually repealing and replacing the 1906 Act. The “new” 2003 Act represented “the first major overhaul of the designs legislation in almost 100 years”. In the Explanatory Memorandum to the *Designs Bill 2003* (Cth), the purpose of the Australian design system was said to be motivated “by giving designers the exclusive right to exploit their design for a limited time and prevent competitors free-riding on design innovations”13, highlighting the importance of balancing IP rights with free competition in design markets.

The main driver for these changes was the Australian Law Reform Commission’s (ALRC’s) Review of Design Law, which began in 1992 and concluded in 1995.14 The ALRC review was “prompted by concerns that designs laws, which had been in place since 1906, did not strike an adequate balance between protecting designs rights and encouraging innovation”.15 Importantly, this was the first overall review of designs law, which highlighted the importance of repairability, particularly within the context of car spare parts, and which proposed the introduction of a repair defence into Australian designs law.

In its Designs review, the ALRC raised a number of anti-competitive concerns, including the effect on the repair and replacement of automotive spare parts market, of the right to repair defence.16 It highlighted the broad scope and multiple types of spare parts including components of complex products, interconnections, identical shapes, and must-fit and must-match parts. These different categories were treated differently as repair laws have different effects on different parts. The ALRC particularly highlighted that “in some cases, only a small portion of the part be identical, such as the portion that allows the part to interconnect with other parts and the product as a whole”18, and that this connection point would be protected under designs law as well. It was also observed that the spare parts markets can change over time, as substitutes become more or less available, and may even collapse if there are “radical changes to the pricing or competitive conditions of the relevant product market”.19 The ALRC recommended that any “anti-competitive effect of a designs for a spare part need not be permanent” and that “it may vary with market conditions”20.

The ALRC originally recommended a simpler regime (than that ultimately introduced) referring potentially anti-competitive designs to the Australian Competition and Consumer Commission (ACCC),

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10 Ergas Committee Report, n 9, 9.
16 Australian Law Reform Commission, n 3, [3.21].
17 Australian Law Reform Commission, n 3, [16.2]–[16.5].
18 Australian Law Reform Commission, n 3, [16.3].
19 Australian Law Reform Commission, n 3, [16.8].
20 Australian Law Reform Commission, n 3, [16.8].
which would then assess whether the granting of designs rights would have the effect of substantially lessening the competition in a market. Potentially anti-competitive designs would be identified by a number of characteristics.\textsuperscript{21} This would be likely where: (1) the design was a design of a component part; (2) the component part was to be used to repair a product that was durable, likely to require repair during its expected life, and assembled from many component parts; and (3) the component part was manufactured by or under licence from the product manufacturer or importer. If the ACCC decided that the grant of a design right would be anti-competitive, registration would be excluded, or allowed subject to certain conditions being met.\textsuperscript{22}

Specifically, for automotive spare parts, there was a strong argument for lowering the level of protection afforded to them. There are four main reasons for doing so: \textit{first}, the spare parts market is separate from the automotive market; \textit{second}, price difference between spare parts and the automotive vehicle is quite significant and such demand is not sensitive to costs; \textit{third}, consumers have little to no information about the spare parts of the vehicle when it is purchased and therefore are not sensitive to the possible repair costs when purchasing the vehicle; and \textit{fourth}, given the original manufacturer’s inherent advantages in the market such as information, feedback, expertise and certain amount of pre-existing guaranteed consumers, “lack of competition in the supply of spare parts will result in a captive market with manufacturers being able to overcharge on spare parts”.\textsuperscript{23} This fourth reason was recently acted upon the ACCC when they recommended a mandatory scheme for the sharing of car repair information in 2020.\textsuperscript{24}

Under the \textit{Designs Act 2003} (Cth), the new repair defence to design infringement was considered by some as one of the more controversial reforms to be implemented. This defence was the subject of considerable policy, industry and public debate and numerous car manufacturers made representations opposing the introduction of the spare parts or repair defence. In particular, two powerful members of the motor vehicle industry, Ford Motor Company of Australia Ltd and Holden Ltd, expressed their concerns about the spare parts/repair defence in written submissions to the Senate Economics Legislation Committee, regarding the provisions of the \textit{Designs Bill 2002} (Cth) and the \textit{Designs (Consequential Amendments) Bill 2002} (Cth).\textsuperscript{25} Holden’s submission raised concerns that such a defence would “increase the ease with which copiers can escape a finding of infringement, while also reducing the penalty in some instances where infringement is established”.\textsuperscript{26} This was largely due to the onus of proof under the defence being placed on the design owners to establish that the alleged infringer had knowledge that the spare parts would be used “for purposes other than repair”. This obligation prevented design owners from halting “the large scale manufacture of spare parts where the end use of such spare parts is not only for repair but also for other purposes including imitation”.\textsuperscript{27} By “preventing automotive companies from protecting their designs, in which there has been substantial investment,” Holden argued, the defence was “inconsistent with the rights afforded to companies in other industries to protect their intellectual property rights”.\textsuperscript{28} Holden also raised concerns regarding the copied parts not meeting the required standards of reliability and safety, putting those parts at greater risk of being inferior quality.\textsuperscript{29} The submission also highlighted the technical difficulties in satisfying the knowledge element of the provision, because design owners

\textsuperscript{21} Australian Law Reform Commission, n 3, recommendation 166.

\textsuperscript{22} \textit{Designs Bill 2003} (Cth).

\textsuperscript{23} Australian Law Reform Commission, n 3, [16.13].


\textsuperscript{25} Advisory Council on Intellectual Property, n 12, 30.


\textsuperscript{27} Senate Economics Legislation Committee, n 26, 4.

\textsuperscript{28} Senate Economics Legislation Committee, n 26, 1.

\textsuperscript{29} Senate Economics Legislation Committee, n 26, 4.
were “unable to demonstrate that excess parts have been manufactured for purposes other than repair … until after the part has been sold and used on a vehicle”.30 Consequently, “[t]he only way in which the manufacturers are likely to satisfy the burden of proof in Court is on a vehicle by vehicle basis”.31 Ford’s submission echoed that of Holden, highlighting that that “the decision to exclude spare parts from design registration coverage was made from the perspective of economic theory, and in the absence of supporting empirical evidence of any demonstrable need”.32 It also foreshadowed the technical difficulties in “seeking to demonstrate whether a design registered component … was being manufactured for use in the repair market as opposed to the accessory fitment market”.33

In response to these concerns, the ALRC’s 1995 Designs Review Final Report recommended that spare parts should continue to be protected, subject to a procedure for referring potentially anti-competitive designs to the ACCC (then the Trade Practice Commission (TPC)).34 This was a two-step process in which the Registrar for Designs identified whether a design was potentially anti-competitive before the TPC assessed whether granting a design right would substantially lessen competition in the market.35 The government of the day disagreed with these recommendations, stating that it would further evaluate the issue of spare part designs. At this time, the government’s main concern was to strike a balance between providing an incentive for creative activity in designs and enabling competition in the spare parts market.36 The protection of certain designs allowed manufacturers to enhance their market power unduly and to charge a monopoly price for spare parts.37 As a result, the government decided to introduce the repair defence, which was in essence a “right of repair”, as a complete defence against designs infringement.

The potentially anti-competitive effects of IP rights, such as design rights, was subject to closer examination by Henry Ergas’ Review of Intellectual Property Legislation under the Competition Principles Agreement 2000. The issue of repair and spare parts was one of the two issues of potential restriction on competition that was identified by the Ergas Committee Report.38 The Report recognised that design protection might lead to a charge of monopoly prices for spare parts in the aftermarket and as a result, there would be restricted competition for repair and servicing of original equipment. It also highlighted the submission made by ACCC,39 which emphasised the limitations in consumer purchase decisions where manufacturers, as suppliers of the original equipment, would have a higher degree of market power in the “derivative market” for spare parts. The ACCC submission highlighted the possibility of monopoly over the supply of spare parts due to the lack of interchangeability of spare parts and the restrictions on independent supplier entry to the market. The Ergas Report stated that the “market power arising from consumer myopia [wa]s at best limited as prices for spare parts [we]re clearly reflected in prices for used vehicles, which in turn constrains prices for which new vehicles [could] be sold”.40 The Ergas Report concluded that there was limited evidence to suggest that issues, as to spare parts, would persist. Despite the Ergas Report not recommending special treatment for component parts of designs, the new Designs Bill 2002 (Cth) did incorporate a new repair defence for spare parts. According to the

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30 Senate Economics Legislation Committee, n 26, 5–6.
31 Senate Economics Legislation Committee, n 26, 5.
33 These challenges are manifested in the first judicial consideration of the defence in GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, which turned on whether the requisite standard of knowledge had been proved.
34 ALRC, n 3, 184.
35 ALRC, n 3, 184–188.
36 Revised Explanatory Memorandum, Designs Bill 2003 (Cth) 1.
37 Revised Explanatory Memorandum, Designs Bill 2003 (Cth) 9.
38 Ergas Committee Report, n 9, 180.
39 Ergas Committee Report, n 9, 183.
40 Ergas Committee Report, n 9, 180.
Explanatory Memorandum to the Designs Bill 2002 (Cth), it was recognised that including “right of repair” as a defence would:

strike a balance between providing an incentive for creative activity in design and enabling competition in the spare parts market. It will provide protection for original equipment use by allowing new and distinctive designs of component parts of complex products to be registrable. However, where design registered component parts are used as spare parts for repair or replacement purposes there would not be an infringement.41

The Senate inquiry into the Designs Bill 2002 (Cth) received submissions from numerous parties42 and these submissions were primarily based on a cost–benefit analysis of the repair defence. Notably absent in both the submissions and Committee Report was a discussion of the relevance of repair within the context of sustainability and as a long-term regulatory measure.43 This is hardly surprising given environmental sustainability in product design was not the pressing issue that it is today. The coming into force of the United Nations SDGs in 2015 has made not only product obsolescence a more significant issue but more responsible production and consumption of consumables is increasingly being recognised as a global issue in need of urgent attention.

The remarks of Senator Webber during the Committee provided a departure from this general trend. In questioning Mrs McMaster, a Senior Associate at Allens Arthur Robinson, Senator Webber noted that:

You [Mrs McMaster] have explored the issue of the focus on automotive parts. It seems to me, though, that for most households in Australia, obviously a car is their second most expensive asset, so they are more likely to get that repaired than their kitchen or what have you. Apart from cars, obviously industrial equipment is therefore most likely to be repaired, but that would be covered – certainly in my experience – by the contractual arrangement with the supplier. How realistic is this concern about the supply of spare parts for things like kitchen equipment and what have you, with growing evidence that, as we are becoming more of a consumer society, we are not getting things repaired; we are throwing them out and going and buying new ones? Apart from that top end, expensive asset market, is it a realistic concern?44

Such questioning undoubtedly is based on underlying concerns with the right to repair and its viability in Australia. Likewise, the Bureau of Industry Economics highlighted the importance of repair for plant, machinery and equipment used by industry, including motor vehicles, emphasising the “right to repair”.45

Prior to the introduction of the Designs Bill 2002 (Cth), therefore, the ability to repair was recognised as a right, rather than a defence, in the Australian design law context.

When introducing the Designs Bill 2002 (Cth) into Parliament on 11 December 2002, the following observations were made about the provisions that excluded spare parts from protection under the new designs system:46

42 “IP Australia has conducted further consultations with interested parties in Canberra, Sydney and Melbourne specifically on the spare parts issue. Comments were sought from the Law Council of Australia, the Institution of Engineers Australia, the Australian Pump Manufacturers’ Association Ltd and the Australian Aluminium Council on a range of exclusion options. Meetings were held with representatives from the Institute of Patent and Trade Mark Attorneys of Australia and the Australian Federation of Intellectual Property Attorneys (representing the Australian patent attorney profession), the Australian Automotive Aftermarket Association Ltd, the Australian Consumers’ Association and the NRMA, Ford and Holden. Comments were also received from the Federal Chamber of Automotive Industries and Allens Arthur Robinson.”
43 The report of the Senate Economics Legislation Committee, Provisions of the Designs Bill 2002 and the Designs (Consequential Amendments) Bill 2002 (May 2003) noted that “with respect to the right of repair defence, the Committee considers that an appropriate balance has been struck between encouraging an economically optimal level of design in Australia, beneficial impact on consumers in relation to price and choice of parts and opportunity for other third-party suppliers to enter the market. Alternatives to this defence are likely to lead to complex and arcane legislation, and consequent commercial uncertainty, which may in fact limit innovation, consumer benefit and competition”. Parliament of Australia, Designs Bill 2003 (Cth) <https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r1700>.
44 Senate Economics Legislation Committee, n 43.
46 The Hon Warren Entsch MP, Parliamentary Secretary to the Minister for Industry, Tourism and Resources, Second Reading Speech as cited in GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [60].
The government was concerned to ensure effective competition in the spare parts market leading to lower prices for consumers, for example, motorists in the case of spare parts for motor vehicles. An exclusion should give consumers greater choice and lower prices when they are looking to purchase spare parts to repair or restore complex products to their original appearance.

It was then clarified that:

The use of design registered parts for non-repair purposes will be an infringement of the registered design but the onus will be on the designs owner to prove that parts were being used for non-repair purposes. This approach … seeks to strike a balance between providing an incentive for creative activity in design and enabling competition in the spare parts market.47

When thinking about these observations, it could be argued that that excluding spare parts from design registration would, in effect, provide for a right of repair, rather than a mere defence. Then, by reversing the onus by requiring that design rights holders prove the parts are being used for non-repair purposes, this effectively creates a halfway house for a right to repair.

The Designs Act 2003 (Cth) was drafted after much consultation and consideration, with opinions accepted from designers, manufacturers and legal practitioners.48 One important aspect discussed was the policy concern regarding competition for spare parts both in the primary and aftermarket.49 The drafters of the new Designs legislation made an impressive endeavour to balance competing interests, ensuring that consumers would not be charged excessive prices in the spare parts aftermarket by increasing competition between franchise dealers and independent suppliers.50 This also ensured that consumers would not be denied repair and servicing. This very issue of availability of repair services remains an issue for consumers as was shown in 2018, when the ACCC brought an action against Apple Inc in the Australian Federal Court, for advising consumers that their warranty would not be honoured if they took their iPhone to a third-party repairer.51 This was a breach of the Australian Consumer Guarantees in the Australian Consumer Law. Apple Inc was fined $9 million for this breach.52

THE RIGHT TO REPAIR DEFENCE

As discussed earlier, s 71 of the Designs Act 2003 (Cth) states that “an infringing act occurs if, without the appropriate authority, a person deals in certain ways with a product that embodies (or substantially embodies) a registered design”. The spare parts defence is contained in s 72 of the Designs Act 2003 (Cth) which creates an exception from infringement of registered design for certain repairs. Put simply, s 72 provides for a repair defence, providing in ss (1), that despite ss 71(1), a person does not infringe a registered design if:

(a) the person uses, or authorises another person to use, a product:
   (i) in relation to which the design is registered; and
   (ii) which embodies a design that is identical to, or substantially similar in overall impression to, the registered design; and

(b) the product is a component part of a complex product; and

(c) the use or authorisation is for the purpose of the repair of the complex product so as to restore its overall appearance in whole or part.53

47 Designs Bill 2003 (Cth) (emphasis added).
48 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [63].
52 Australian Competition and Consumer Commission v Apple Pty Ltd (No 4) [2018] FCA 953.
53 Designs Act 2003 (Cth) s 72(1).
Section 72(5) defines the term “repair” to include:
- restoring and replaying a decayed or damaged component part of the complex product to a good or sound condition;
- replacing incidental items at the same time as a damaged component part is being repaired or replaced;
- carrying out maintenance on the complex product by replacing component parts during a routine maintenance program.54

Importantly for the purposes of this discussion, s 72(2) places the onus on the owner of the design to prove that parts were used for non-repair purposes. Accordingly, the primary infringement under the Act occurs when a person, without the licence or authority of the design’s registered owner, does one of a range of activities in relation to a product, which embodies a design that is identical or substantially similar in its overall impression to the registered design.55

For a repair that satisfies the criteria, such repair operates as a complete defence against infringement, and the owner of the registered design has the burden of proving that the repairer knew, or ought reasonably to have known, that the use or authorisation was not for non-repair purposes.56 However, this defence “does not provide a defence against infringement where the use of a component part embodying a design results in the enhancement of the appearance of the complex product”.57 This includes repairs, upgrades or different component parts that create a “material difference between the original overall appearance of the complex product and its appearance immediately after repair”.58 As such, adding accessory items that are protected by a registered design to enhance the appearance of a complex product does not fall within the scope of the term “repair”.59 The limitation to the defence was created to preserve “the incentive to innovate” by affording protection to the registered designs of a complex product, where it meets the innovation threshold, while simultaneously preserving the right to repair.60 It reduces the perceived risk of anti-competitive conduct in the “aftermarket” or spare parts market61 by affording protection to both aftermarket and the original equipment manufacturers. Commentators have noted, however, that this burden of proof is difficult to satisfy.62

The repair defence stood untested for 16 years. However, in 2019, the Federal Court examined the scope and operation of the s 72 repair defence, in the decision of GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd.63 This case has highlighted the detailed and complex nature of s 72 and in reality, the inadequacy of the defence, that is, that repairers have to wait to be sued to raise this defence. To fully understand the intricacies of the repair defence, it is useful to examine this decision in detail.

**GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd**

In *GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd*64 the Federal Court ruled that spare parts can be acquired for both repair and enhancement, and that the defence should be available in such cases.65

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54 *Designs Act 2003* (Cth) s 72(5).
56 *Designs Act 2003* (Cth) s 72(2).
57 Explanatory Memorandum, *Designs Bill 2002* (Cth) 44.
58 *Designs Act 2003* (Cth) ss 72(3), 72(5); Explanatory Memorandum, Designs Bill 2002 (Cth) 44–45.
59 *Designs Act 2003* (Cth) s 72(5).
60 Explanatory Memorandum, *Designs Bill 2002* (Cth) 44.
63 *GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd* [2019] FCA 97.
64 *GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd* [2019] FCA 97.
65 Berger, n 62, 358.
GM Global Technology Operations LLC (GM Global) commenced proceedings against SSS Auto Parts Pty Ltd (SSS Auto Parts), alleging that SSS Auto Parts had infringed its registered design by importing, keeping for sale, offering for sale, selling or otherwise disposing of replica body parts with registered designs.66 GM Global sells and, until recently, made Holden Commodore vehicles in Australia. SSS Auto Parts is an importer and wholesale distributor of aftermarket, original manufacturer and parallel imported automotive parts.67 Holden had discovered that replica body parts for the Holden Special Vehicle (HSV) were being imported and sold without any controls. Some car enthusiasts upgraded the appearance of their standard vehicles with parts designed for the top-level HSV, so that their vehicles appear like these more expensive versions.68 Once Holden identified the source of the replicas as SSS Auto Parts, proceedings were commenced proceedings against them. The main issue to be decided in this case was whether GM Global could establish that SSS knew, or ought reasonably to have known, that the replica body parts were not imported or sold for the purpose of repair.

SSS Auto Parts admitted that their conduct fell within s 71 of the Act, namely that their conduct infringed GM Global’s registered design.69 The claim, however, turned on the operation of s 72, being the repair defence.70 The parties agreed that the SSS Auto Parts product embodied a design that was identical, or substantially similar in overall impression, to a GM Global registered design, satisfying s 72(1)(a) of the Act. The parties also accepted that the products in question were a component part of a complex product, within the meaning of s 72(1)(b).71 There were no objections that the parts, which SSS sold, had a design registered and that those parts embodied a design identical, or substantially similar in overall impression, to the registered design. SSS contended, however, that the use or authorisation was for the purpose of repairing the complex product to restore its overall appearance in whole or part.

The critical issue of the case was the operation and interpretation of s 72(1)(c), namely, whether the use of each impugned part was for the purpose of repairing the complex product so as to restore its overall appearance in whole or in part (repair purpose).72 In delivering his judgment, Burley J held that, for the purposes of negating the s 72 defence, the burden of proof was on the defendant, GM Global, to establish that SSS Auto Parts “must have known or ought reasonably to have known that the use was not for the repair purpose” set out in s 72(1)(c).73 Proof that the defendant simply “knew it “might not” will be insufficient”.74 This is because the Court recognised that “a product that falls within ss 72(1)(a) and (b) will be capable of being used for more than one purpose, both a permitted repair purpose within ss 72(1)(c), and a prohibited purpose, such as … the enhancement of a vehicle”.75 As a result:

[i]t is the knowledge of the person who has imported, offered for sale or sold the product that separates the two. If in infringement proceedings an alleged infringer asserts that it had the repair purpose within sub-section 72(1)(c), then it is to be assumed that it had that purpose, unless the registered owner proves otherwise.76

Further, regarding the imputation of knowledge to the company, the Court found that “the defence in s 72 does not contemplate the aggregation of knowledge from discrete individuals in order to piece together, as if in a mosaic, a picture of knowledge”.77 Burley J held that GM Global failed to establish

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68 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [1]–[2].
69 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [3].
70 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [3].
72 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [20].
74 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [85].
75 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [79].
76 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [79].
77 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [100].
that the importation, keeping for sale or offer for sale of the impugned SSS parts was not for a repair purpose within the meaning of s 72 of the Designs Act 2003 (Cth). Evidence established that “the focus of the SSS Auto Parts business is the sale of body parts for crash repair” and that it “does not sell parts designed to customise cars, such as mag or alloy wheels, skirts and spoilers”. The use of the term “replacement” of parts in advertising is not inconsistent with repair purposes, because it is apposite if an original has been damaged in a crash or deteriorated over time. The Court found that, at the relevant time (being each act of importation, storage, offer and/or sale), GM Global failed to establish that SSS Auto Parts and its directors had knowledge that the products would be used for purposes inconsistent with repair. As such, GM Global failed to discharge its onus to disprove the repair purpose defence under s 72 of the Act.

The Court specifically referred to the purpose of the s 72 defence as balancing competing interests, noting that:

[O]n the one hand, there is a desire to provide incentive for creative activity in design by retaining the protection of a design registration for spare parts for complex products and on the other, there is a desire to strike a balance to enable competition in the spare parts market by placing the onus on the design owner to prove that the parts were being used for non-repair purposes. It is plain that the interests of the motor vehicle industry were particularly taken into account in considering s 72.

The Court also made reference to the Explanatory Memorandum of the Designs Act, which highlighted that the “right to repair” defence did not provide a “defence against infringement where the use of a component part embodying a design results in the enhancement of the appearance of the complex product”. The Explanatory Memorandum explicitly referred to “parts associated with the Holden HSV and Ford Tickford range of vehicles” as protected against the right of repair provision if “they are used in the practice of ‘fitting-up’ a standard model (but not when they are used for genuine repair)”.

In determining the meaning of “purpose” within the context of s 72, the Court rejected GM Global’s contention that “there needs only to be an overriding, significant, substantial, predominant purpose of repair”. The Court held that it was knowledge that separated a permitted repair purpose from a prohibited purpose, such as the enhancement of a vehicle.

In the case at hand, Burley J found that SSS had implemented signed internal sales directives and “repair only policies”. Indeed, the Court noted that it is difficult to imagine a more explicit indication of the purpose of each SSS party. The Court concluded that GM Global has failed to establish that the importation, keeping for sale or offer for sale of the impugned SSS parts was not for a repair purpose within the meaning of s 72 of the Designs Act 2003 (Cth). In particular, Burley J noted “that the case presented by GMGTO in relation to its claim tended to be based on what I consider to be unrealistic expectations as to what individuals (whose knowledge could be attributed to an SSS party) knew or ought reasonably to have known about a transaction”. This conclusion highlights the high bar imposed

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79 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [118], [119].
80 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [121].
81 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [54], [58], [60] (Burley J).
84 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [61].
86 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [64].
87 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [64].
88 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [77].
89 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [209].
90 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [23].
91 GM Global Technology Operations LLC v SSS Auto Parts Pty Ltd [2019] FCA 97, [24].
on registered owners to establish that the other party knew, or ought to have known, that the use of the
impugned part was not for the repair purpose.92

The broad application and low threshold for the repair defence is consistent with Parliament’s intention
to “ensure competition in the spare parts market”.93 The reversal of onus on genuine manufacturers
to disprove the repair purpose lowers the threshold for the “repair defence”, because it means that a
“company may conduct a sale without necessarily losing the benefit of the defence”, and that suppliers
and manufacturers are not required to track inventory, and would not be deterred by threats of expensive
litigation.94 Parliament justified the reverse onus, stating that “if suppliers or manufacturers are knowingly
participating in using parts for non-repair purposes, or should have reasonably known that they are doing
so, then they should not be able to hide behind the right of repair defence”.95 This decision is consistent
with the Parliamentary intention to incentivise new players into the spare parts market.

The repair defence has a relatively low threshold compared to other intellectual property defences,
such as defence to infringement by supply of products in s 117(2) of the Patents Act 1990 (Cth). In
contrast, the s 117(2) exemption places a positive onus on the supplier and manufacturer to prove that
“the supplier had reason to believe that the person would put it to [infringing] use”.96 This is a direct
inverse of the repair defence in design law as discussed above. While there are limitations to the design
law repair defence, such as the material difference and repair purpose restrictions, it is significantly less
onerous than other intellectual property defences, evincing the Parliamentary intention of introducing
competition in the spare parts market. While the GM Global decision was concerned only with spare
parts for motor vehicles, this is potentially an issue in relation to any complex product where there is, or
could be, a separate market for repair and replacement parts.

**MOVING TOWARDS A POSITIVE RIGHT TO REPAIR IN AUSTRALIA**

Rather than a positive right to repair, s 72 of the Designs Act 2003 (Cth) as a defence, merely represents
a “balance between providing an incentive for creative activity in design and enabling competition in
the spare parts market”.97 An examination of the requirements under the section further supports the
section’s questionable repair purpose. The requirement in s 72(1)(b) that the part must be a component
of a complex product means that the defence will not apply where there is no complex product which
can be broken down in its component parts.98 Thus, the section does not confer a right of repair to
goods more generally because it does not protect the use of spare parts for the purposes of repairing
simple products. This is a major limitation of the repair defence and highlights the opportunity to
broaden the scope of the repair defence by simply removing the requirement that it only apply to
complex products.

Further, s 72(1)(c) provides that the condition of a genuine repair will be satisfied if the overall appearance
of the product after the alleged repair is not materially different from its original appearance. Because a
“repair is usually undertaken to reinstate function, not appearance”,99 the legislative expression appears
to be only aiming to preventing product enhancement, rather than facilitating repair. This again highlights
a limitation of the repair defence.

A positive right to repair within design law would involve empowering consumers with the “ability to
have faulty [design protected] goods repaired at a competitive price by a manufacturer, a third party, or

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92 Berger, n 62, 358, 359.
93 Explanatory Memorandum, Designs Bill 2002 (Cth) 1.
95 Explanatory Memorandum, Designs Bill 2002 (Cth) 44.
96 Patents Act 1990 (Cth) s 117(2)(b).
97 Designs Bill 2002 (Cth) 1.
99 Condon and Hoad, n 98, 55.
in some instances, self-repair, using available replacement parts and having access to information”.100 At present, in the absence of such right, “[c]onsumers are being increasingly locked out of repairing their products because manufacturers do not allow third parties to repair them, or products are built to become obsolete when they are damaged”.101 This has resulted in customer exploitation by companies such as Apple, which deliberately discouraged customers from using independent repair services and “have a track record of punishing people who have opted for independent repairs”.102 As a result, customers are kept “in an ongoing cycle of constant consumption”.103

Given the outcome of the GM Global case, it was also pleasing for those supporting the notion of a broader right to repair for the car spare parts industry when, in 2018, the ACCC, after many years of scrutinizing the operations of the car spare parts industry, recommended that “a mandatory scheme be introduced compelling the sharing of technical information with independent repairers. This sharing of car repair information was mandated as previous voluntary commitments entered into by car manufacturers were seen not to have worked”.104

Following that recommendation, in 2019, the Australian Government, through Treasury, reiterated its support for “appropriate commercial dealings and competition in the automotive sector for the benefit of both small businesses and consumers” … which included “designing a mandatory scheme for access to motor vehicle service and repair information”.105

The intention was that “this scheme would provide a level playing field in the sector and allow consumers to have their vehicles safely repaired by the repairer of their choice”.106 Whatever detrimental and anti-competitive effects independent repairers may be exposed to, this scheme, if implemented effectively, would lessen the blow. It is argued, however, that the proposed code does not solve the competition issue and in fact further solidifies the status quo where the permission of the manufacturer is required to get access to various repair information.107 In this case, not only are design rights granted but also the sharing of vital information is not made effective, which leads to doubling the advantage to the manufacturers as opposed to independent repairers of vehicles.

It is worth noting that outside of the repair defence in designs law, Australian consumer law also provides some protection in respect of repairs.108 This has been confirmed by some of the ACCC’s victories in the Australian courts. In the ACCC’s case against LG Electronics Australia Pty Ltd,109 the Court found that “consumers will often still be entitled under the consumer guarantee to a repair, refund or replacement when the manufacturer’s warranty does not apply or has come to an end”.110 This case sent a strong message to the community that manufacturers should not be controlling the aftermarket to the exclusions of others. Increasingly, consumers are realising that their rights of ownership of their goods are being undermined by their inability to deal with their goods in ways that they are used to.111 ACCC Commissioner Sarah Court stated that:
If a product is faulty, customers are legally entitled to a repair or a replacement under the Australian Consumer Law, and sometimes even a refund. Apple’s representations led customers to believe they’d be denied a remedy for their faulty device because they used a third party repairer … The Court declared the mere fact that an iPhone or iPad had been repaired by someone other than Apple did not, and could not, result in the consumer guarantees ceasing to apply, or the consumer’s right to a remedy being extinguished.\textsuperscript{112}

With the increasing recognition provided for the right to repair and the proposed introduction of legislation imposing a mandatory scheme for the sharing of motor vehicle service and repair information, if these rights are truly realised in the spirit that they are meant to be enjoyed, then the anti-competitive effects of design rights for spare parts for vehicles would be minimised. While it should be acknowledged that potential competition concerns would not be completely removed, the fact that the Australian regulators have turned their attention to the challenges that consumers are facing when seeking repairs or repair information, is a positive sign for consumers, independent repairers and repair services.

\section*{CONCLUSION}

While Australia can be lauded for having a repair defence within its design law, it falls far short of the right to repair that many consumers are now looking for. In late 2020, it is expected that IP Australia will release proposed legislative amendments to the \textit{Designs Act 2003} (Cth), by way of its response to the implementation of the Advisory Council on Intellectual Property’s recommendations made back in 2015. It is very clear that there will be no amendment or revision to the repair defence within designs law.\textsuperscript{113} This means, from the view of right to repair proponents, that the 2020 revision of the \textit{Designs Act 2003} (Cth) is a lost opportunity for taking into account national policy developments that promote repairability. These include the Treasury’s proposed scheme for the mandatory sharing of car repair information,\textsuperscript{114} the Final review of the \textit{Product Stewardship Act 2011} (Cth) which “acknowledged the need to improve our capacity to better design, re-use, repair and recycle the goods we use“;\textsuperscript{115} the ACCC’s 2020 enquiry into agricultural machinery and the after-sales market (which includes examination of an agricultural right to repair)\textsuperscript{116} and the call for the Productivity Commission to conduct an enquiry into the right to repair.\textsuperscript{117}

All of these initiatives reveal that Australia is committed to embrace and adopt circular economy principles in line with the United Nations SDGs. Of particular relevance to the right to repair is SDG 12, which encourages responsible patterns of consumption and production. “Sustainable consumption and production is about doing more and better with less. It is also about decoupling economic growth from environmental degradation, increasing resource efficiency and promoting sustainable lifestyles.”\textsuperscript{118}

We suggest that it is time for Australian designs law to pay much greater attention to dematerialisation and waste avoidance through encouraging and rewarding sustainable circular product design. The right to repair can contribute to closing the loop and maintaining the product


\textsuperscript{113} The ACIP Designs Review, Recommendation 20 recommended no change to the Repair Defence. The Government accepted “this recommendation, noting that ACIP found no evidence of any problem with the present repair defence provision that would warrant changing the present system” 8 <https://www.ipaustralia.gov.au/sites/default/files/government_response - acip_designs_review - final.pdf.pdf>.

\textsuperscript{114} Treasury Consultation, n 24.


\textsuperscript{117} Rattenbury, n 100.

is accounted for and useful for as long as possible.\textsuperscript{119} From a product design perspective, recycling is the least preferable option, given that it involves a product’s integrity being destroyed, dismantled or disintegrated.\textsuperscript{120} Accordingly, repair is a fine alternative and one that Australia should invest in more strongly. “Repair prolongs gadgets’ functionality – which saves money, but also minimises e-waste: a global ecological catastrophe.”\textsuperscript{121}

We argue it is timely to not only revisit the “repair defence” within designs law as it currently stands, but also to reflect more broadly, on how embedding a broader notion of repairability and circular product design in Australian designs law would encourage a “greener” and more sustainable design scheme for Australia. This, in turn, would allow and encourage Australian consumers, designers and manufacturers to embrace and engage in a more environmentally sustainable, circular design economy.


\textsuperscript{120} den Hollander et al, n 119.