



ADVISORY COUNCIL ON INTELLECTUAL PROPERTY

REVIEW OF ENFORCEMENT OF TRADE MARKS

ISSUES PAPER

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ISSUES PAPER

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1 Background

The Advisory Council on Intellectual Property (ACIP) is a government appointed body, which advises the federal Minister for Industry, Tourism and Resources on intellectual property matters and the administration of IP Australia.

In 1996, the then Minister requested ACIP commence a review into the enforcement of intellectual property (IP) rights in Australia. During the course of the review, ACIP concluded that there were fundamental differences between the enforcement of patents and trade marks. As a consequence, the Council restricted the first part of its review to patent enforcement matters, producing a report in March 1999 entitled *Review of Industrial Property Rights - Patents*.

In late 1999, the Parliamentary Secretary to the Minister asked ACIP to initiate the second stage of its review, namely to inquire into and report on issues relating to the enforcement of trade marks. In particular, the Parliamentary Secretary noted that small business appeared to experience difficulties when seeking to enforce their trade mark rights, suggesting that small businesses may be disadvantaged by the current system, when compared to larger enterprises.

ACIP commenced the trade mark enforcement review in April 2000.

Based on responses to this Issues Paper and further consultations, ACIP will make recommendations to the Government aimed at addressing any identified shortcomings in the current Australian trade marks system.

It should be noted at the outset that in this paper the term 'trade mark' is used to refer to a registered trade mark, or a mark for which registration is being sought.

2 Overview

2.1 What is meant by 'enforcement' in the context of the review?

ACIP recognised that there were two quite different approaches which it could adopt in complying with the Minister's request to review enforcement of trade mark rights in Australia. The first was to treat the reference as being very narrow in its ambit. Adopting this approach 'enforcement' is seen as simply relating to actions to defend or assert rights in or to a trade mark, such as infringement proceedings under the *Trade Marks Act 1995*, actions at common law or under the *Trade Practices Act 1974* and equivalent State legislation. The alternative is to treat the reference more broadly, on the basis that any inquiry into 'enforcement' necessarily involves a review of both the protection and creation of rights.

After considering the matters raised during the preliminary consultations, ACIP decided to adopt the broader approach, believing that it is more likely to engender discussion of the problems which have been brought to its attention. ACIP has therefore chosen to treat the following matters as falling within the scope of this review:

- searching - to determine if prior rights pose a risk to the use of a trade mark
- examination
- validity and scope of the rights granted
- opposition
- ownership
- infringement and remedies
- licensing

2.2 Current and emerging issues relating to trade mark enforcement in Australia

ACIP conducted a series of focus groups in most Australian capital cities, and consulted with various interest groups, with the aim of identifying and understanding current and emerging issues relating to trade mark enforcement in Australia. Based on its preliminary consultations ACIP identified the following key issues:

What do Australians want from a trade mark system?

ACIP found that trade mark users want a system which is both accessible in terms of cost, and robust, in the sense that it registers identifiable, valid and enforceable rights. Initially focus group participants favoured a system that offered fast and cheap trade mark registrations; however, it became clear that users are willing to trade cheaper costs and speedier outcomes if they can obtain "robust" rights. This attitude was most pronounced amongst experienced users of the system. Whilst there was a clear preference for a robust system, trade mark owners made it clear that there will be times when they would like to be able to achieve rapid, perhaps short term/restricted ambit, protection.

How well is the current system working?

ACIP has identified a tension within the current system between the desire for speedy outcomes at low cost and a desire for detailed consideration of issues (particularly during examination) to ensure that rights granted are robust. The current system appears to be weighted towards the 'more speed less cost' approach which can result in registrations that are unclear or imprecise. This can affect the enforcement of the trade mark. For example concern has been expressed about the abolition of compulsory disclaimers and the fact that the precise ambit of the right granted is often very difficult to determine. This is discussed in more detail at 4.2.2.

On the other hand, some people feel that the trade mark registration is too complex, too expensive or takes too long to obtain. Some traders appear to be using business name registrations as *de facto* trade mark registrations. This reflects both confusion on their part and, perhaps, the inability of the current system to meet their needs.

Is the current system capable of catering to future needs?

ACIP found that at an administrative level the present system appears to be working well. IP Australia offers a good range of on-line services and there appears to be a genuine commitment to further improvement. The answer to the question is less clear when one considers what might be described as substantive legal issues. For example there is considerable concern at what is seen as the erosion or dilution of trade mark rights and there is confusion about the interface between trade marks and 'other rights' eg: business and company names, domain names, national icons, traditional expressions, etc.

Are small enterprises disadvantaged by the current system, as compared to larger enterprises?

On balance, ACIP did not find that small enterprises were unduly disadvantaged by the current trade mark system and in fact found that the system endeavours to cater to the special needs of individuals and SMEs.

2.3 What do stakeholders in the Australian trade mark system want?

*'Intellectual property laws encourage innovation by granting statutory exclusive property rights. Without intellectual property laws, third parties might copy the goods produced through the application of intellectual property, thus reducing the incentives to create further intellectual property.'*¹

If owners of IP rights cannot be certain about their validity or their enforceability, then arguably the IP system has failed to achieve its principal purpose. Similarly, an IP system that inhibits commercial activity because it makes it too difficult to challenge ill defined rights, except at great financial risk, is also faulty.

ACIP commenced its review by considering a number of specific issues raised during the consultation process, assuming that the underlying rationale of the present system would remain unchanged.

Ideally, an IP system should strike a balance between a simple, low cost system which allows maximum access and a more complex, expensive system that prioritises certainty over cost. The risk is that a system, which seeks to be all things to all people, will become seriously compromised. This is illustrated by the pragmatism shown in the administration of the present Act by the decisions to:

- restrict cross claim searching;
- allow registration of marks which are clearly descriptive in their nature without proof of prior use;
- remove compulsory disclaimers and associations.

These decisions were arguably driven by a desire to streamline Trade Marks Office procedures and to reduce costs to both the office and to users. The 'cost' has been an erosion of the value of trade marks to both large and small owners. There has also been a cost to the community in that the nature and extent of the rights of trade mark owners have become less clear. An unclear or imprecise right may well be anti-competitive in its effect. A competitor may be reluctant to challenge a registration if he/she is not clear about the precise scope of the right that is protected. Conversely, the owner of the trade mark may well enjoy greater benefits than should be the case simply because he/she is able to rely on the registration to "bluff" competitors.

The question is whether the system should be geared to favour one outcome over the other, or whether there is a middle ground, which allows both possibilities. ACIP has identified three possible systems:

- The first features a low entry threshold that better suits the needs of those seeking lower cost, less complexity and greater speed, but who are willing to trade-off certainty. Such a system would lower the examination bar to ensure that all but the 'lowest quality' marks are accepted for registration. Conversely, the enforcement bar for these marks would be raised (ie, marks would be easier to register, but more difficult to enforce). The benefit of such a system would be to improve access to the trade marks system to a wider range of potential users than is currently the case. It may allow for lower costs and it would ensure the widest possible use of central records which could be used by those who need to know what marks are being used, but who also wish to keep costs low.

¹ *The Role of Competition Principles in Intellectual Property*, Intellectual Property Society of Australia and New Zealand Inc, Victorian Branch, 22 July 1999.

- An alternative system could involve a high entry threshold that better suits the needs of businesses that seek a system that provides a greater level of certainty. Such a system would raise the examination bar to ensure that only those marks of sufficient “quality” are accepted for registration. Conversely, the enforcement bar for these marks would be lowered, ie marks would be more difficult to register, but once registered should be easier to enforce. By making the examination and registration process more stringent, owners could have more confidence that their marks could be protected against infringement.
- A third system could offer two levels of entry and grant rights accordingly:
 - firstly, a low entry level for those seeking low costs, less complexity and greater speed, but who are willing to accept a ‘weaker, less enforceable’ right; and
 - secondly, a high entry level for those seeking greater certainty in the form of a strong and more enforceable right.

This option is loosely based on the US system, which allows for a Principal Trade Marks Register (for what we will call ‘strong’ marks) and a Supplemental Register (for what we will call ‘weaker’ marks). Such a system would encourage trade mark owners to enter their marks on a register, rather than opting for unregistered rights or business names. Such a system could cater for short life products and marks for localised use.

While the general consensus at the focus groups tended to favour a higher entry threshold, ACIP recognises that the current system is facing an unprecedented demand for trade mark registrations. Naturally, this will only increase the demands being placed on the current system and the apparent tensions between the desire by some for ‘strong’ marks and the desire by others for ‘weaker’ marks. ACIP questions whether in fact one system can cater for these apparent conflicting needs of its users.

2.4 How might a two tiered system differ from the existing system?

Example
A representative from a Tasmanian firm who attended one of the focus groups noted that their main trade mark was crucial to the company. Similar imported goods to theirs are available in the marketplace at significantly less cost, but what sets the Australian goods apart from the imported goods is the brand which has been used for around 100 years. The company would therefore go to great lengths to protect their trade mark, and would be prepared to pay more to ensure they had a strong and enforceable right.
On the other hand, some of their product lines are geared at the fashion market, where there is a short life cycle. The company said that they do not need the same degree of strength for these secondary trade marks, where they sometimes operate on a "quick-in-quick-out" approach to marketing the product. They said that in these circumstances, they may prefer a lower threshold trade mark system.
The company said that some type of system which could meet both these needs would be preferable.

- **Searching**
The recent move to restricted searching by class as discussed below at 4.2.1.c suggests that IP Australia is heading towards a system with a lower entry threshold. Based on its preliminary consultations, ACIP has found that industry generally seems to prefer the more rigorous searching process associated with a high entry threshold. A low

threshold system with a less rigorous examination process, involving restricted class searching may, however, be acceptable where a short life cycle mark, like a fashion label is involved.

- **Disclaimers**
The provisions of the Act concerned with disclaiming non-distinctive elements of a trade mark as **discussed below at 4.2.2** is currently strongly biased towards a low threshold system. The re-introduction of mandatory disclaimers would be more closely aligned with a high threshold system. If a two tiered approach were adopted it may be possible to introduce mandatory disclaimers for strong marks and to allow voluntary disclaimers with respect to weaker marks.
- **Renewal**
If a decision is taken to adopt a low threshold system, it may be appropriate to continue with the current renewal provisions which allows automatic registration on payment of the registration renewal fee. The introduction of a requirement that the owner of a mark confirm that the mark is in use at the time of renewal (**discussed below at 4.6**) would be more consistent with a high threshold system. A two tiered system could allow for a declaration of use every 10 years (at the time of renewal) for the higher threshold marks. Since the lower tier register would probably have a shorter term, the requirement to declare use should also occur in conjunction with the renewal process (eg, every five years).

ACIP welcomes comments on the issues that have been raised in this section of the Paper and in particular, whether:

- **ACIP is correct in its understanding that there is a tension in the existing system caused by the desire on the part of some that their marks be as strong as possible ('strong marks'), and a preparedness on the part of others to accept a system which offers faster, cheaper protection at the cost of a lower level of enforcement ('weaker marks')?**
- **a Principal Register (for strong marks) and a Supplemental Register (for what we have called weaker marks) could address any tension, or whether a different approach should be considered?**
- **Australia should move to a registration system in which there is examination solely to ensure that minimum requirements relating to formalities have been met?**
- **Australia should move to a system where the registration threshold is very high and examination is rigorous; ie, mere capability to distinguish would not be sufficient for registration?**

3 Preliminary consultations

ACIP conducted a series of focus group meetings in most Australian capital cities with a cross section of people who use the trade mark system. The aim of these meetings was to enable ACIP to better identify and understand how actual users of the Australian trade mark system perceive the system. Fifty-five people attended the focus groups, including representatives from businesses which own trade marks (ranging from small businesses to large multi-national firms), the legal and attorney professions and other interest groups, such as anti-counterfeiting organisations and the accounting profession. **Appendix 1** shows a list of the focus group attendees.

In addition to the focus groups, ACIP also met with representatives from IP Australia, including the Registrar of Trade Marks, representatives from the various State and Territory Corporate Affairs Offices and a representative from Customs.

This Issues Paper has been developed in the light of the above consultations and ACIP's own consideration of the issues. Most of the examples given in this paper are actual cases, or extrapolations from actual cases, raised by participants in the focus groups. Some of the examples are drawn from the experiences of members of the working party.

4 Issues raised during the preliminary consultations

Discussions with interested persons during the preliminary consultations covered a wide range of topics. Generally ACIP found that the current trade mark system raises similar issues for users across the country. It was also clear that while small and large businesses may have different concerns, neither appears to be particularly disadvantaged by the present system in comparison with the other.

The principal issues raised during the preliminary consultations are summarised below.

4.1 Adopting a trade mark

- 4.1.1 The relationship between trade marks and other names or rights
- 4.1.2 Searching
- 4.1.3 Proprietorship

4.2 Examination and registration

- 4.2.1 The examination practices of IP Australia
- 4.2.2 Disclaimers
- 4.2.3 Classification of goods and services (Nice)

4.3 Board of Review

4.4 Opposition proceedings

- 4.4.1 Costs
- 4.4.2 Extensions of time
- 4.4.3 Where use of marks would be 'contrary to law'

4.5 The Madrid Protocol

4.6 Proof of use

4.7 Rights and obligations of a trade mark owner

- 4.7.1 Non-use provisions
- 4.7.2 Action against counterfeiting
- 4.7.3 Parallel importation of goods
- 4.7.4 Proposed amendments to the Copyright Act
- 4.7.5 The court system

4.8 OTHER ISSUES

- 4.8.1 Prior use rights
- 4.8.2 Associated marks
- 4.8.3 Well known marks/Dilution
- 4.8.4 Infringement and dilution on the Internet
- 4.8.5 The effect of sub-section 88(2)(c) of the Trade Marks Act (Rectification)

The issues are considered in detail below.

4.1 Adopting a trade mark

4.1.1 The relationship between trade marks and other names or rights

The awareness of intellectual property rights amongst members of the public appears to be increasing, but ACIP found that there is still a significant 'knowledge gap' in relation to many areas where trade marks interact with other rights. In particular, the relationship between trade marks and business/company names is seriously misunderstood. There is also confusion about the distinction between trade marks and domain names, plant breeders' rights, geographic indications, traditional expressions, and more recently, what are being referred to as 'national icons'.

4.1.1.a Business and company Names

The Issue

There appears to be widespread misunderstanding about the effect of registering a trade mark, a business name or a company name and the nature and extent of the 'rights' given by each of the registrations.

Example 1 - Business Names

A Brisbane woman was about to start up a new business. On learning that it could cost in excess of \$1000.00 to obtain registration of a trade mark, her accountant advised her that a cheaper option was to register a business name with the relevant state authority. She was advised that by adopting this approach she could achieve 'protection' for her trading name for less than \$100. She took the advice and commenced use of her registered business name without conducting a search of the Trade Mark Register. Several months later she received a letter threatening her with legal action for infringing a trade mark made up of the same words. Clearly, the other business had prior rights to the name. She then had to make the difficult decision whether to resist the claims or to adopt a new trading name. She decided to adopt a new name even though the cost of doing so was considerable.

Example 2 - Company Names

A new Sydney home mortgage business registered its company name (which was also its trading name) with the Australian Securities and Investment Commission. The company believed that such a registration was sufficient protection for the word which constituted its name. After six months of building their business, the owners received a letter from another company stating that they too used the same word as part of their trading name and what's more, they held a registered trade mark to prove ownership. The first company not only had to re-brand at a cost of over \$50,000, it also faced demands from the other company for \$25,000 to cover its legal costs.

Discussion

The confusion between trade marks, business and company names seems to stem from a community belief that registration of a business or company name *per se*, will afford the owner 'rights' in the name and that registration of a business or company name is an alternative to trade mark registration. The confusion is not restricted to the general business community, but includes many business advisers.

With some exceptions, a business must register its trading name as a company name with the Australian Securities and Investment Commission (ASIC), or as a business name, with the relevant state government agency (or both if the company name does not reflect the

trading name). However, unlike a trade mark, the registration of a company or business name does not of itself create propriety rights in the name.

The examples above are typical of those brought to ACIP's attention. People commonly register either a business or company name and commence trading under that name, only to find at a later stage that they are potentially infringing a registered trade mark. Often the only practical resolution is to forgo the reputation gained from trading under the business name, and to rename their business. In some cases, the owner of the business name may be liable to compensate the owner of the trade mark which has been infringed.

There is a range of information products available from IP professionals and IP Australia dealing with this matter. IP Australia has produced a brochure for business and company name applicants which encourages them to check the Trade Marks Register to see if there is a registered or pending trade mark which may be similar to their proposed trading name. The brochure is made available through ASIC and the state government agencies responsible for business names. Despite this, comments from the focus groups indicated that many business people are not aware of them or their applicability.

ACIP believes that there must be reciprocal sources of information produced by and available through ASIC and the state business names offices. Unless people are directed to the trade mark system, they may never realise that their naming enquires are incomplete.

In the longer term, ACIP believes that issues such as the confusion between trade marks, business names and company names should be addressed as part of IP Australia's and the Government's initiatives to achieve a greater awareness of intellectual property in the education system. ACIP also believes that there is merit in Government initiatives to specifically target those who advise businesses at an early stage of development, such as accountants and bank managers.

It is also important to ensure that those who seek information on trade mark issues, particularly those with little or no experience of the trade marks system, know where to go to seek specialist advice. Information on this issue should be available on IP Australia's website as well as professional organisations' websites. ACIP also believe that efforts should be directed to ensuring that business advisers, such as accountants, know when to encourage their clients to seek specialist trade mark advice.

Linking ASIC and state government business names agencies' IT systems to IP Australia's trade marks database might present a partial solution. With this link in place, some of the possible conflict with a trade mark may be highlighted by the system and brought to the immediate attention of the person seeking to register a business or company name.

ACIP welcomes comment on these issues and, in particular, whether reforms in the business names system (eg: rationalisation of the nine separate state and federal registers) would help reduce the level of confusion and complexity between trade marks and business names.

4.1.1.b *Domain names*

The Issue

Currently, one of the most contentious issues is the perception that the rights of trade mark owners are being undermined by the unauthorised registration of domain names which consist of, or include, a registered trade mark.

A related issue is that of 'meta tagging', where a trade mark is used without authorisation in a search engine, to divert traffic to the website of a person other than the trade mark owner.

Discussion

The use of domain names, and the registration of them, has grown rapidly since the late 1990s. The risk which this development poses to trade mark owners has been the subject of extensive international discussions between IP offices, IP professionals and commentators.

ACIP recognises that the operation of the Internet generally, and domain names in particular, is in a state of flux. It believes that Australia needs to stay at the forefront of the debates surrounding domain names at both the national and international level. IP Australia is pursuing this course through its involvement on the .au Domain Administration Ltd (auDA) Name Policy Advisory Panel and ACIP believes that it should be encouraged to maintain its participation to help ensure that valid trade mark rights are not prejudiced.

The key concerns raised with ACIP in this regard are:

- The risk of dilution of trade mark rights (ie: the erosion of brand equity through the proliferation of domain names).
- The likelihood of public confusion and uncertainty as to the inter-relationship between trade marks and domain names which consist of, or contain, the trade mark or a very similar mark.
- The fact that different systems operate in different countries for the registration and administration of domain names.
- The lack of a uniform dispute resolution process across all domains. While the ICAAN procedure for hearing cybersquatting cases in relation to the '.com', '.org' and '.net' appears to be having some effect at deterring cybersquatting, the same system is not currently available in Australia for either top level or second level domains.
- Ensuring that the current link between databases administered by Internet Names Australia and IP Australia (which enables domain name applicants to check if there is a trade mark which is the same as their domain name) is properly used by domain name applicants. For example, domain name applicants should be aware that they must activate the search (it is not done for them). They should also be aware that the search will only disclose marks which are the same as their domain name and not marks which are substantially identical or deceptively similar.

ACIP welcomes comment on whether:

- **a process that reflects the ICAAN DRP should be introduced in Australia;**
(continued over)

- whether remedies for domain name ‘cybersquatting’ and/or trade mark infringement should be addressed in the *Trade Marks Act 1995*; and
- *sui generis* legislation should be introduced.

ACIP also seeks comment on whether a strengthening of the provisions relating to the protection of famous marks and the inclusion of anti dilution provisions in the *Trade Marks Act* would assist the resolution of at least some cybersquatting cases.

Meta tagging. Concern was expressed that unauthorised use of registered marks is both misleading for consumers and a potential dilution of the trade mark owner’s valuable rights. Trade mark owners are limited in the remedial action they can take against such misuse of their marks, assuming that the misuse can even be detected.

ACIP welcomes comment on whether use of trade marks as meta tags is causing problems in Australia and, if it is, how the problem might be addressed.

4.1.1.c *Plant breeders' rights*

The Issue

Whether the owner of a plant breeders' right (PBR) should be prevented from obtaining trade mark protection for the same name.

Example

A state government department involved in agricultural research registered a plant breeder's right (PBR), under the *Plant Breeder's Rights Act 1994*. The department then wished to commercialise the plant variety throughout the world under the name it had used in the PBR process to market the plant. However, IP Australia has adopted the practice of treating the name of the plant variety as being incapable of distinguishing the trade origin of plants of that variety. The PBR ‘name’ could therefore not be registered as a trade mark so the department was forced to find a new ‘name’ for use as a trade mark. This involved additional cost and caused delays in the commercialisation process.

Discussion

The rationale for IP Australia's practice is that if the PBR (or one deceptively similar to it) was also used as a trade mark on plants of another variety, it would be likely to deceive or cause confusion as to the true nature of those plants. Consequently, if a trade mark application filed in class 31 contains the name of a plant variety, it will be found to be incapable of distinguishing the trade origin of plants of that variety and will be rejected by IP Australia. Furthermore, examination practice is that if the trade mark consists of the name of a new plant variety registered under the *Plant Breeder's Rights Act 1994*, use of the registered trade mark may infringe the plant breeder's rights and therefore be open to challenge under section 42 of the *Trade Marks Act 1995*.

If a business is aware of these limitations, it will probably decide to choose different names for the PBR and the trade mark. For example, at one of the focus groups a representative from a major fruit growing industry association said that the name chosen for its PBR was different from the name which it had adopted to market the fruit. This meant that members were able to obtain a trade mark registration without any conflict with the PBR. However, few users of the two systems are as well informed as this group and the problem appears to be causing concern.

While an awareness campaign targeted at prospective applicants for PBRs and trade marks may help people understand this issue, ACIP queries whether IP Australia's practices in relation to plant breeder's rights should be reviewed.

ACIP welcomes comment as to whether the owner of a PBR should be able to register a trade mark using the same name and if so, whether any limitations/conditions should be placed on the trade mark.

4.1.1.d *Geographical indications*

The Issue

- The extent to which a geographical indication should be protected in countries other than the country of origin.
- If a trade mark owner has prior rights in Australia, either by virtue of use or registration, should those take precedence over a Geographical Indication which is registered in Australia with a later priority date?

Example 1

A has used trade mark X for many years on wine, but has never bothered to register it as a trade mark. A applies for registration in 2001 and is informed that the mark cannot be registered because it conflicts with a geographical indication for an area in France, which is on the register of geographical indications. A has long use of the word but is denied the benefits of trade mark registration. There is also a risk that the continued use of A's trade mark, particularly on wine for export, may contravene the provisions of the *Australia Wine and Brandy Corporation Act 1980*.

Example 2

The word 'Adelaide' has been registered as a geographical indication pursuant to the *Australia Wine and Brandy Corporation Act 1980*. For many years wine has been sold by Southcorp under the trade mark *Queen Adelaide* and those words are also registered as a trade mark in class 33. Southcorp recently filed a new trade mark application for *Queen Adelaide*. The application was, however, refused by IP Australia. Rejection was on the ground that the words 'Queen Adelaide' are so close to the word 'Adelaide' that use of it is proscribed by the *Australia Wine and Brandy Corporation Act 1980*, except on wine made from grapes which come from the region covered by the Adelaide geographical indication.

Discussion

There is a growing awareness of the importance of geographical indications internationally and in Australia. Until recently, interest has focussed almost exclusively on wine and there is a clear and well understood tension between trade marks and geographical indications in this field.

It is, however, apparent that geographical indications for products like ham (Parma), olives (Kalamata), beer (Pilsener), rice (Basmati) and cheese (Emmenthal, Roquefort, Parmesan) as well as other consumer products (for example silk, cotton, pewter) are likely to become an issue for Australian trade mark owners. In this context, it has been suggested to ACIP that the meaning of section 61 of the *Trade Marks Act 1995* is not entirely clear. The term 'geographical indication' lacks universal application and it is not

clear whether the section requires there to be any association between the goods covered by the application mark and those associated with the geographical indication.

In the Uruguay round of GATT, agreement was reached on the Trade Related Aspects of Intellectual Property (TRIPs) agreement. TRIPs requires member states to give recognition and protection to geographical indications. However, TRIPS also adopts the criterion of first in time, first in right – the assumption being that if a trade mark owner has prior rights those rights should not be defeated by a geographical indication.

There is presently grave concern over the extent to which the EU-Australia Wine Agreement, and the provisions of the *Australia Wine and Brandy Corporation Act 1980*, which implements Australia's obligations under the Agreement, allows IP Australia and the Courts to protect the rights of trade mark owners.

Problems can also occur when a conflict arises between the owner of a trade mark and a newly registered Australian geographical indication.

ACIP welcomes comments from people engaged in the wine industry, the cheese industry and other industries where geographical indications are likely to become important as to whether the recognition of geographical indications in Australia is likely to adversely affect trade mark owner's rights.

4.1.1.e *Traditional expressions and indigenous people's rights*

The Issue

Whether there should be special protection for 'traditional expressions' and indigenous people's rights.

Discussion

The right of indigenous people to prevent the unauthorised copying of artistic works through copyright infringement proceedings is widely supported. However, there is now debate as to whether words or devices which have affinity with, or importance to, a particular group of people should be unregistrable as a trade mark, except on the application of members of the group.

Opinion on this issue is divided. There are some, including the International Trade Mark Association (INTA) which represents trade mark owners, who feel that existing trade mark legislation provides adequate protection. Others believe that there should be more protection by way of *sui generis* legislation. A further opinion favours an amendment to the *Trade Marks Act 1995* to provide that a mark with particular relevance to indigenous people and other ethnic groups should not be registrable.

ACIP welcomes comment on these issues, including a consideration of the:

- **criteria for determining what might be excluded from use– ie: should words and devices of special importance to all ethnic groups be excluded or only those of importance to Aboriginal and Torres Strait Islander people?**
- **criteria for identifying a 'traditional expression'**
- **required nexus between a particular ethnic group and a traditional expression**
- **operation of prior rights.**

4.1.1.f *National icons***The Issue**

Whether 'national icons' should be protected under the *Trade Marks Act 1995*.

Discussion

In recent times, it has been questioned as to whether special protection should be made available, on an *ad hoc* basis, to 'national icons'. Consideration needs to be given to how the grant of 'rights' in national icons would impact on prior trade mark rights.

ACIP welcomes comment on this issue.

4.1.2 *Searching***The Issue**

Whether users of the trade marks system are aware of the need to carry out searches before a trade mark is adopted, and the possible limitations of any search that they may undertake.

Example 1 – The importance of Register searches

A major corporation instructed their adviser to file an application to register a trade mark.

The adviser carried out an exact match search and found that the mark was already registered in the name of another person. The corporation had assumed that the mark would be available and it had entered into a multi million dollar advertising contract which had to be abandoned.

Example 2 – The importance of market searches

A Launceston owned clothing and footwear retailer, Targetts Pty Ltd, has operated in Launceston for several decades. In the early 1990s, the large mainland retailer, Target Australia Pty Ltd planned to open its first Tasmanian store in Launceston. Although the Tasmanian company did not have its trading name and logo registered as trade marks, it took action against the mainland company alleging passing off and contravention of the provisions of the *Trade Practices Act 1974*.

The Tasmanian company argued successfully that it had built up reputation in the market place in the Launceston area, and that the opening of outlets operated by the mainland based company, which used a similar name and logo, was likely to amount to misleading and deceptive conduct. The Federal Court subsequently ordered Target Australia Pty Ltd not to use its trading name or logo in the Launceston area. In this case a search of the register of trade marks would not have revealed Targetts' prior rights and a more extensive (market based) search was required.

Discussion

ACIP has found that users of the Australian trade marks system are not always fully aware of:

- the importance of conducting a thorough search before adopting a new trade mark and the associated risks of failing to do so;
- the searching facilities available via ATMOSS, its limitations and, in particular, its relationship to searching the main frame; or
- the potential risks posed by unregistered trade mark rights.

Even if a thorough search is made of the Trade Marks Register and the ASIC register, the adoption of a trade mark may still expose a person to the risk of challenge by a prior user of the same or a similar mark. For example, a search of ATMOSS will only provide information about trade marks for which registration has been sought. It will not identify marks which may have been extensively used but for which registration has been refused, or never sought.

Earlier in this paper, it was suggested that the lack of a link between the Trade Marks Register and the registers for business names and company names is a matter of concern. While such a link cannot overcome the problems posed by a prior user, ACIP believes that if a trade mark applicant were to find that the mark which it proposes to adopt is already in use as a business/company name, it will at least be alerted to a potential problem. More extensive enquiries can then be made, and advice sought, on whether it is safe to adopt the word as a trade mark and the chances of it being registrable as a trade mark.

ACIP welcomes comment on these matters and the possible solutions to the problems which they raise.

4.1.3 Proprietorship

The Issue

- What is the effect of the ‘intention to use’ requirement?
- What is the effect of other factors, such as copyright ownership?

Example

A design business developed a logo and sought registration of it as a trade mark purely for the purpose of selling the logo and the corresponding application. If the logo and trade mark are acquired by another person, he/she would face the risk that the trade mark may be vulnerable to attack on the ground that the application was made without any intention on the part of the applicant to use the mark. Depending on the efficacy of the assignment document, and the terms of the agreement between the parties, there may also be difficult questions if copyright subsists in the work done by the designer and it is not assigned to the purchaser.

Similar problems may arise where a person, for example an advertising consultant, creates a logo, a strap line or a “jingle” for use by a client with a new product/service.

Discussion

The filing of an application to register a trade mark is presently regarded as providing *prima facie* evidence of an intention to use. However, as illustrated above, the question ‘*who is the appropriate person to apply for registration of a trade mark?*’ raises a number of difficult issues.

A possible solution to the problem may lie in the timing of the assignment of the trade mark. If the trade mark is assigned from the design house to the new owner prior to acceptance, the only ‘intention to use’ issue would be whether the assignee has a legitimate intention to use the mark when it is registered.

The interrelationship between trade marks and other forms of IP can also raise proprietorship issues. While there is an increasing awareness in the professions of the need to take into account the interface between copyright and trade marks, there is little

awareness of this potential problem in the business community or amongst individual applicants.

IP Australia has been reluctant to consider copyright issues at examination and it would be unusual under current office practice for an application to be rejected on the ground that the owner of the trade mark is not also the owner of copyright subsisting in some aspect of the trade mark. However, an applicant who fails to take an assignment of copyright subsisting in a mark prior to lodging the application, may face opposition, or rectification proceedings if the owner of copyright, or an interested person, challenges the application/registration as being contrary to law (ie: section 42 *Trade Marks Act 1995*).

ACIP welcomes comments on these issues and information about cases where questions relating to ownership of copyright has led to a successful challenge in opposition or rectification proceedings. ACIP would also like to have information about cases where the threat of action has resulted in the trade mark owner being forced to accommodate the rights of another person.

4.2 Examination and registration

ACIP believes that the thorough and consistent examination of trade mark applications prior to their registration is of fundamental importance to the achievement of an effective and dynamic trade mark system. The alternative is a registration system in which examination prior to registration is restricted to ensuring that the application simply meets formal requirements.

Australia has been fortunate in having had the benefit of a well trained and competent trade marks examination team within IP Australia. ACIP believes that the rigorous examination process which has characterised the Australian trade mark system in the past has been of considerable importance in ensuring that registered trade marks have had a high presumption of validity.

ACIP is, however, very concerned by comments made in a number of the focus group meetings which suggest that there has been a shift in examination standards with some kinds of marks being accepted too readily, whilst the registration of other kinds of marks has become increasingly difficult. There is a suggestion that IP Australia is granting rights, which may not be capable of withstanding attack, and this may in turn suggest that the Australian Trade Marks Register has been compromised.

The focus groups suggested that there are a number of tensions which need to be resolved in relation to the examination of trade mark applications. The first relates to the perceived need for IP Australia to balance greater output and lower costs with the maintenance of the integrity of the system. The second is a perception that marks of 'little merit' are being accepted for registration.

In recent years IP Australia has been under continual pressure to reduce costs, and at the same time, has faced a massive increase in the number of trade mark applications filed. To meet these demands, IP Australia has taken measures to speed up the processing of applications, and to reduce costs per unit of output.

While this may be acceptable to those who value speed and cheapness above all other considerations, it was apparent from comments in the focus groups that users of the trade mark system want consistency and predictability during examination and a high presumption of validity in a mark once it is registered. Most participants stated that they

would like to have their trade marks registered reasonably promptly but all of those consulted were adamant that if they had to make a choice between speed on the one hand, and a strong and enforceable right on the other, they would tolerate delay in favour of the strong and enforceable right.

Examples of marks of ‘little merit’ which have been brought to ACIP's attention include:

- the registration of terms which appear generic in a particular industry (for example ‘family favourites’ which was advertised accepted in the food classes and ‘master loans’ in the financial classes); and
- the registration, apparently without evidence of use, of extremely descriptive terms (for example ‘rewards’ in the financial class).

These matters are discussed in greater detail in the following paragraphs. Clearly, there is a significant threat to the integrity of the system if it appears that ‘anything’ can be registered.

4.2.1 IP Australia’s examination practices

4.2.1.a *Examiner’s reports*

The Issue

Consistency of examination.

Discussion

One of the most commonly occurring issues raised in the focus groups was the need for more consistency in the examination of trade mark applications. Participants were concerned that an application to register a word might be accepted on one occasion, but rejected in another case by a different examiner.

ACIP understands that IP Australia’s current practice during examination, particularly of contentious marks, is to consult widely within the Trade Marks Office to help achieve consistency. Despite this practice, the lack of consistency remains a concern for many users of the system. ACIP believes that the very fact that people feel that there is inconsistency indicates that there is a problem and it is not persuaded by the argument that it is better to be inconsistent than to allow incorrect decisions to be repeated.

It has already been noted that some focus group participants indicated that there are occasions when they would happily accept a ‘speedy’ examination process resulting in a fast, cheap and comparatively ‘weaker’ registration. The examples given were where the trade mark was likely to have a comparatively short life (eg: fashion related trade marks and trade marks used in the high- tech area where change is very rapid). The same trade mark owners, however, emphasised that there are other trade marks in their portfolios where the principal concern is that the registration should be as strong as possible and where a high presumption of validity is regarded as being of enormous value. In relation to these marks, owners indicated that they would be prepared to pay a higher application fee if they could be confident that the application was thoroughly examined, thereby increasing the chances of any registration being ‘strong’.

ACIP welcomes comment on this issue, including suggestions as to how any perceived inconsistencies could/should be addressed.

4.2.1.b Non-word or logo marks (eg: sounds, colours, shapes, etc)

The Issue

There was a strong perception in the focus groups that the new types of signs highlighted in the *Trade Marks Act 1995* (ie: shapes, colours, smells, sounds and aspects of packaging) are treated differently during examination when compared to traditional word or logo marks. In particular, the newer signs seem to be subjected to a preliminary assessment as to whether they can in fact be trade marks, before the registrability test of 'capable of distinguishing' is applied.

Discussion

Section 6 of the *Trade Marks Act 1995* defines a sign as including '... the following or any combination of the following, namely, any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent'. In addition, section 33 of the 1995 Act has been interpreted as raising a presumption that a mark is registrable so that the applicant is entitled to have a mark registered, unless the Registrar is satisfied that there are grounds for rejecting it.

Clearly, the Legislature intended that the new kinds of marks should be registrable as trade marks. Discussions in the focus groups, however, suggested that examiners do not in fact treat them in the same way as word or logo marks. Focus group participants suggested that an 'informal' 'pre-test' was applied to the new marks along the lines of an inquiry as to whether they are marks *per se*. The question of whether they are 'capable of distinguishing' particular goods or services is often never reached and if it is, registration seems to depend solely on a consideration of whether the mark is factually distinctive at the date of the application (ie: section 41 (6) *Trade Marks Act 1995* is automatically applied).

From the examples ACIP was given by the focus groups it appears that trade mark examiners may in fact be applying tests applicable to the *Trade Marks Act 1955* (ie, the previous Act) when considering the new marks for registration. For example:

- An applicant for a sound mark was simply advised by the examiner that a sound cannot be accepted as a trade mark.
- In another case, IP Australia examined a sound mark application for 'prior art' - something which is not done in relation to word and logo marks and is not provided for in the *Trade Marks Act 1995*.
- Examiners seem to reject applications to register colours on the grounds that one (or more than one) colour is simply incapable of distinguishing the goods/services of one trader from those of another.
- The presumption of registrability does not seem to operate in favour of the applicant for registration of the newer types of marks.

A review of IP Australia's acceptance of sound, shape, colour, etc marks, suggests that the focus groups have raised a valid point:

	Applications	accepted	% accepted
All trade mark applications	36,836	22,833	62%
Shape, sound, scent & colour applications	267	28	10%

* Data based on applications were a first report was issued between 1 Jan'99 to 30 June'00

ACIP is advised that the newer types of marks are as important to business as words and logos, perhaps even more so in a digital environment. ACIP has been advised that the practice of refusing registration for these marks is impeding many businesses by reducing protection for what could become valuable trade marks and by encouraging (or failing to deter) the use of ‘copycat’ marks/signs by competitors.

ACIP welcomes comments in relation to the examination of shapes, colours, smells, sounds, aspects of packaging, or any other non word/logo marks, particularly from anyone who believes that they have been adversely affected by current office practice when examining these marks.

4.2.1.c *Restricted searching by class*

The Issue

In July 2000, IP Australia changed its practice regarding searches it conducts to determine whether there are any prior marks which should be cited against an application, pursuant to section 44 of the *Trade Marks Act 1995*. Changes to the practice involved a redefining of the concept of associated classes and a significant reduction in the number of classes which are cross searched by IP Australia.

Discussion

Appendix 2 shows a table of cross-search classes carried out by IP Australia prior to July 2000, and the cross-search classes currently being used.

A large increase in applications and the pressure to reduce costs has led IP Australia to implement strategies to fast track applications, while concurrently containing costs. One such strategy has been to restrict the way it cross searches classes. In the focus groups, it was suggested that these changes were made without consultation with business and without apparent consideration of the commercial implications of the change.

ACIP is concerned that the changes IP Australia made in July 2000 may be artificial and may lead to an increased risk that a similar mark will not be detected during the searching process. For example:

- There are many cross overs between ‘real’ and Internet related goods and services, which are not reflected in the recent changes.
- IP Australia no longer cites a goods mark against an application for a service mark to sell or export those goods and vice versa. In relation to this point, IP Australia seems to have justified its position by reference to the decision of the Federal Court in *Woolworths Limited v Registrar of Trade Marks*. The argument is put that it is more appropriate to force the owner of a goods mark to oppose registration of a service mark for the wholesale/retail sale of the goods, rather than resolving the issue at examination even where the marks are exactly the same.

ACIP believes that the narrowing of the cross-search classes by IP Australia has the potential to compromise the integrity of the Trade Marks Register, by allowing the registration of similar marks by different entities in respect of closely related goods/services. It is also likely to increase the cost of protecting the rights which a trade mark owner might reasonably expect to obtain from registration and raises concerns from a potential infringement perspective.

ACIP is also concerned that there is no preliminary review of an application to determine the accuracy of the classes selected at the time of filing. The large number of self-filed applications, and the fact that it is the statement that defines the scope of the application, means that searching for potentially conflicting marks is hazardous. This can result in:

- potentially causing great cost to an innocent business that searches traditionally and misses something wrongly classified
- searching that has to consider all classes every time which very significantly increases costs for searching and reduces confidence
- leaving the system open to deliberate misuse eg deliberate selection of ambiguous classes or incorrect classes to evade detection by potential competitors. (see 4.2.1.e)

ACIP welcomes comment on these issues.

4.2.1.d *IP Australia's trade mark examination practice & procedures*

The Issue

The processes by which IP Australia changes its practices and procedures and advises users of the trade marks system of the changes.

Example

IP Australia recently changed its practice in relation to cross-class searching, pursuant to section 44 of the *Trade Marks Act 1995*. There appears to have been little or no consultation and it was some time before information about the change was widely known. In fact, the change had major implications for trade mark owners, including SMEs.

Discussion

Participants in the focus groups noted that changes in IP Australia's practices and procedures can have a significant impact on how trade mark rights are granted. The way IP Australia makes decisions about changes and the way those changes are communicated to users of the system was seen as very important, particularly for SMEs and individual applicants.

It was acknowledged that Practice Notes, published in the Official Journal, and amendments to IP Australia's *Trade Marks Manual of Practice & Procedures* are an appropriate method for notifying change. It was, however, felt that many individual users of the system have difficulty in obtaining access to these publications and it was suggested that alternative information sources should also be utilised.

ACIP believes that IP Australia should be encouraged in its efforts to use its website to make a range of information available and to alert users of changes to practice and procedures. IP Australia should also continue with its efforts to raise community awareness of intellectual property rights and the role the organisation plays, particularly with smaller enterprises and individual applicants.

ACIP welcomes comment as to whether there is an adequate consultation process in place in relation to practice in IP Australia and whether there are any changes which might usefully be made.

4.2.1.e *Incorrect nomination of classes***The Issue**

An application, which nominates (either in error or deliberately) the wrong class, will be almost impossible for a third party to detect until examination when the correct classes will be determined. The result is that it will often be difficult to determine whether a mark, which potentially conflicts with that mark, is available for use.

Discussion

ACIP questions whether there should be preliminary examination to determine whether the correct class has been nominated. If the class appears to be incorrect, the application should be indexed as falling into class X so that a third party can readily detect it and decide whether it prevents use/registration of his/her mark.

ACIP welcomes comment on this issue.

4.2.1.f *Material brought to the attention of examiners by a third party***The Issue**

Whether current IP Australia practice relating to material provided by third parties is transparent and consistent.

Discussion

ACIP understands that it is common practice for third parties to place material which affects the registrability of a mark before the examiner dealing with the application. Concern has been expressed that there appears to be some inconsistency in the way that examiners deal with such material. For example, proprietorship issues are usually disregarded but an examiner may take account of information pertaining to allegedly substantially identical or deceptively similar marks.

The concern is that the process is not fully transparent because the applicant is not necessarily informed that material has been provided to the examiner by a third party or the identity of the person who supplied it.

ACIP is aware of reg 21.19 but does not believe that it:

- requires the Registrar to divulge the identity of the third party
- addresses issues of consistency.

ACIP believes that the Registrar should always assume that a party to proceedings is not aware of information divulged by a third party unless there is positive proof on the file that it is in fact known. For example, a letter to the party from the person supplying the information might constitute evidence.

ACIP welcomes comments on these issues including:

- **whether it would be desirable for the practices followed by the examiners to be clarified and a practice note explaining those practices circulated**
- **should an examiner automatically advise an applicant**
 - **on receipt of third party material?**
 - **the identity of the informant?**
- **should a copy of the material be provided to the applicant?**

4.2.2 Disclaiming non-distinctive elements of a trade mark

The Issue

Should it be mandatory to disclaim non-distinctive material from registered trade marks?

Example



If this example was registered under the *Trade Marks Act 1955*, it would most likely have included a mandatory disclaimer along the following lines:

'Registration of this trade mark shall give no right to the exclusive use of the words PREMIUM WATER'

Under the 1995 Act a disclaimer would only be entered at the voluntary request of the owner, however significant the descriptive portion of its mark may be. In the absence of a disclaimer, a third party searching the Register will need to decide which elements of the mark are descriptive (and therefore available for use) and which elements are distinctive (and therefore not available for use). A trade mark owner will also need to decide which part of their mark is enforceable in an infringement scenario.

Discussion

The absence of a requirement to disclaim non-distinctive material in a registered trade mark emerged as one of the most serious issues of concern in all the focus groups. Participants were strongly of the view that the current (voluntary) practice has significantly undermined the integrity of the Australian Trade Marks Register and is the cause of much confusion as to the extent of trade marks rights shown on the face of the Register. They compared the present law with that which existed under the *Trade Marks Act 1955*.

Under the 1955 Act an applicant was required to disclaim the non-distinctive elements of their mark before the mark could be accepted for registration. This meant that the scope of the rights granted to the trade mark owner were defined and clearly shown on the Register. As a result, anyone searching the Register could readily determine the extent of the protection given and a trade mark owner could confidently assert rights in the registered part of their mark.

Mandatory disclaimers were replaced in the *Trade Marks Act 1995* by a system of voluntary disclaimers, which allows a trade mark owner to voluntarily opt to disclaim non-distinctive material. There does not appear to be any information available on the use of voluntary disclaimers at application or examination. It is ACIP's understanding that voluntary disclaimers have rarely (if ever) been used, (other than by consent in opposition

processes) even though many of the trade marks accepted in recent years include highly descriptive material.

A failure to disclaim the non-distinctive elements of a registered trade mark creates great uncertainty as to the scope of protection afforded by the registration. ACIP is concerned that the current practice causes confusion and uncertainty for both trade mark owners and other parties. When descriptive material is included as part of a trade mark, neither party can be certain about what is actually protected and what other parties can use without infringing the registered mark. It may also suggest to users of the system that intellectual property rights extend to material, which does not in fact qualify for such protection. The uncertainty as to what is actually included in the registration can extend the potential scope of the monopoly, which could be seen as anti-competitive.

One of the justifications given for the introduction of voluntary disclaimers was that it would lead to a significant saving in costs. ACIP accepts that the process under the 1955 Act, which required examiners to make a critical assessment of the elements of the application mark, was time consuming and expensive. It nonetheless believes that any cost saving which may have been made by changing to a system of voluntary disclaimers has been at the expense of the integrity of the Register and the certainty of trade mark owners rights.

One argument used to justify the use of voluntary disclaimers is an assumption that people will know what features of a trade mark are descriptive and therefore where trade mark rights attach. However, the converse is in fact true; that is, where a mark is registered without a disclaimer of descriptive material it must be assumed that rights attach to the whole mark (unless proved otherwise in Court). Similarly, when a significant part of a registered mark consists of descriptive material there is a risk that the trade mark owner will be given a false sense of security regarding the extent of the protection provided by the registration. This risk is much greater where the applicant has filed the application without professional advice.

To illustrate the difficulties, look at the above example:

- To which part/s of the mark do trade mark rights attach? Put another way, can it be assumed that no trade mark rights attach to the words 'PREMIUM WATER'? If the answer to this question is yes, what is the criterion for determining that no rights attach? In the absence of a disclaimer, any test in this regard will necessarily be subjective, leaving the rights of the owner of the mark, and the Australian Register, open to different interpretations.
- Would the position be different if the owner of the above mark could demonstrate extensive (say more than 10 years) use of the mark? Or if the owner could show that while the separate words 'PREMIUM' and 'WATER' may themselves be descriptive, when used in combination in relation to its product/service they are in fact highly distinctive? Again, the mark as it appears on the face of the Register is open to question.
- Is the registered owner of the above mark entitled to send a letter of demand, based on its registration, to another trader using a similar device and the words 'PREMIUM WATERS'?

The Intellectual Property and Competition Review Committee (the 'IPCR Committee') considered the issue of disclaimers in its 2000 report to the Government entitled *Review of Intellectual Property Legislation under the Competition Principles Agreement*. The IPCR Committee did not recommend the re-introduction of mandatory disclaimers, despite the fact that all but one of the submissions it received supported their re-introduction. The Committee's rationale on this point is difficult to understand and ACIP believes that the Committee may not have fully understood the submissions put to it on the importance of disclaimers.

In its report, the IPCR Committee suggested that the failure to disclaim descriptive material in a trade mark should attract a cost penalty in infringement proceedings. ACIP is extremely concerned by this suggestion, which seems to be based on an assumption that the parties will know what part of the mark is descriptive and should therefore have been disclaimed. ACIP does not believe that the Committee's suggestion is realistic or commercially viable. It ignores the fact that competitors may choose not to adopt a trade mark because elements of it form part of a registered mark, thereby being forced to undertake the costly exercise of finding an alternative mark. It also ignores the problems faced by the owners of prior marks, and their advisers, in deciding whether or not to oppose acceptance of an application which is largely descriptive.

ACIP welcomes comments from trade mark owners, and their advisers on the issue of trade mark disclaimers and in particular, whether the current system would benefit from the re-introduction of mandatory disclaimers. If mandatory disclaimers are favoured, ACIP would also welcome comments on how to deal with marks currently registered without disclaimers. For example, could the issue be raised at renewal?

4.2.3 Registration classes for goods and services

The Issue

The effectiveness and currency of the Nice Classification of goods and services.

Discussion

From comments made in the focus groups it appears that the current classification of goods and services under the *Nice Agreement for the International Classification of Goods and Services*, is outdated, and does not reflect the needs of modern commerce and industry. This in turn leads to a perception that the trade marks system is of little relevance to modern businesses, particularly in the digital environment and in the computer/communications industries.

ACIP understands that it is impossible for Australia to unilaterally achieve changes to the international classification system, however, it believes that Australia should seek to play a more active role in lobbying for change. It also believes that IP Australia should be encouraged to move quickly to adopt changes in international practice, for example, the changes which will be introduced in the 2002 edition of the *Nice Classification of Goods and Services* which will allow a person to claim communications related software services in class 38 rather than class 42. This kind of change may have a significant impact on an applicant who is primarily interested in communication services because it would avoid the need to include class 42 in the application.

ACIP welcomes comments on this issue.

4.3 *Board of review*

The Issue

ACIP is aware of a number of Hearing Office decisions, which do not appear to be supported by trade mark legislation or by current case law.

Discussion

Some concern has been expressed that, if a Hearing Office decision is not supported by trade mark legislation or by current case law, the only option for a dissatisfied party is to go to the Administrative Appeals Tribunal (AAT) or the Federal Court. This is very costly and can be beyond the resources of most trade mark owners, particularly SMEs. ACIP questions whether an internal board of review should be established within IP Australia. Such a board of review might consist of three Hearing Officers whose role may be to consider whether the law has been appropriately applied. At its discretion, it might return a decision to the original Hearing Officer for reconsideration in certain circumstances.

ACIP seeks comment on the desirability of introducing a board of review within IP Australia.

4.4 *Opposition proceedings*

Opposition proceedings, whereby an interested person is given an opportunity to oppose registration of a trade mark, provides at least two important safeguards for the trade marks system:

- they allow a decision of the examination branch to accept an application to be subjected to scrutiny, in a comparatively cost effective environment; and
- they ensure that there is an opportunity for a skilled hearing officer to consider evidence and argument on matters which impact on the registrability of a trade mark but which are beyond the scope of the examination process. For example, questions relating to proprietorship and marks which enjoy a reputation in Australia.

The focus groups raised a number of concerns in relation to the present opposition process. Based on their collective experience, ACIP members believe that there are numerous other issues to consider.

4.4.1 *Costs*

The Issue

The scale of costs in trade mark opposition proceedings does not reflect the manner in which the proceedings are conducted, or the actual costs incurred by the parties.

Discussion

In a number of the focus groups people expressed concern about the scale of costs available in opposition proceedings.

Appendix 3 sets out the current scale of costs.

Generally speaking, it was considered that costs which can be awarded to the successful party in an opposition should bear some relationship to the amount of work required in bringing, or resisting, the action. Participants noted that opposition proceedings require considerable work by the parties and the current scale of costs does not reflect this. On

the other hand, the focus groups considered that a balance must be found to ensure that any award of costs is not allowed to become so substantial as to prevent an SME or a private individual from bringing proceedings or resisting an opposition brought by a larger enterprise.

ACIP believes that a number of issues need to be considered in relation to costs awarded in oppositions, including whether:

- the current scale should be reviewed;
- there should be a cost penalty against a person who files a Notice of Opposition raising every possible ground of opposition AND who then fails to refine/restrict the grounds during the time in which evidence in support must be filed; and
- there should be an opportunity for a hearing officer to exercise control over the way that the action is being prepared from an early stage in the proceedings, to prevent the unnecessary incursion of costs.

ACIP welcomes comments on these issues

4.4.2 Extensions of time

The Issue

Whether it is too easy to obtain extensions of time in trade mark opposition proceedings.

Discussion

The general consensus within the focus groups was that in many cases, the opposition process lacks direction and as a result, proceedings can drag on sometimes for years. It was suggested that the process might be improved if procedures similar to those used by the Courts were adopted. For example:

- IP Australia could appoint a hearing officer at the outset of each opposition, to oversee timetables and keep the proceedings ‘on track’.
- A process similar to directions hearings in the Federal Court could be introduced to set a ‘timetable’ (agreed by the parties with input from the hearing officer) for the conduct of the proceedings. The timetable, could include defined milestones and would not be changed without the approval of the hearing officer.
- The opponent could be compelled to provide precise details of the grounds of the opposition, at least by the time the evidence in support is filed.
- The hearing officer could be given discretion to dismiss an opposition where it appears that there is no sufficient basis disclosed.

Alternatively, it was suggested that the initial period for filing evidence in support for opposition proceedings could be set at 6 months, but that requests for extensions of time would only be granted in extenuating circumstances.

ACIP welcomes comments on the issue of time delays in trade mark opposition proceedings, including the suggestions made above.

4.4.3 Where use of marks would be 'contrary to law'

The Issue

The operation of section 42 of the *Trade Marks Act 1995* in the context of opposition proceedings.

Discussion

One of the grounds on which an application may be rejected during examination, and a registration opposed in opposition proceedings, is that use of the mark would be contrary to law. IP Australia has taken the view that section 42 of the *Trade Marks Act 1995* should be given a very restricted operation and that neither examiners, nor hearing officers, should be required to consider the potential impact of other areas of the law on the registrability of a trade mark.

Examples of 'contrary to law' issues include:

- when proprietorship of a mark is challenged on the basis that copyright in the application was not owned by the trade mark applicant at the time the application was filed (see section 3.1.3)
- applications which may be effected by the *Plant Breeder's Rights Act 1994* (see section 3.1.1.c)
- applications in class 33, which are examined to determine whether they meet the requirements of the *Australian Wine and Brandy Corporation Act 1980* (geographical indications)
- applications which may be effected by issues relating to passing off, Part V of the *Trade Practices Act 1974*
- applications which are effected by legislation governing the sale of food.

Until recently IP Australia resisted attempts to challenge an application at opposition on the basis that its registration would be 'contrary to law' on the basis that IP Australia is not equipped to deal with such matters. In a number of cases, it has been said that if the opponent wished to raise issues relating to the Trade Practices Act or Copyright he/she should first obtain a suitably worded order from a Court. Representatives of IP Australia repeated these concerns when they met with ACIP. ACIP has some sympathy for the views expressed by IP Australia in so far as they apply to examiners. It does not, however, believe that there is any justification for the argument that hearing officers should not be required to take such matters into account in the course of opposition proceedings.

ACIP questions whether there is any way of resolving the apparent tension between the need to retain section 42 for limited consideration at examination but allowing a more wide ranging consideration of 'contrary to law' issues in opposition proceedings

ACIP welcomes comments on these matters.

4.5 *The Madrid Protocol*

The Issue

Whether there is any aspect of the *Trade Mark Regulations 2001 (no 1)* which require amendment.

Discussion

ACIP believes that Australia's accession to the Madrid Protocol was necessary and it has noted strong support for the move in the focus groups. Many people, particularly smaller exporting businesses, welcomed the introduction of a new system for obtaining protection of trade marks in other countries in the belief that it will save time and money.

ACIP is, however, concerned that the consultation process leading to Australia's accession to the Protocol, and enactment of amending legislation, was too short and did not allow full consideration of all the issues. Some of the concerns which have been raised with ACIP include:

- Lack of a requirement under the Madrid Regulations for an overseas applicant to nominate an address for service at the date on which Australia is notified that it is a designated country in an international registration. In contrast, an applicant for registration in Australia under Australian domestic law is required to have an address for service from the date of the application.
- Interpretation difficulties with the priority date provisions.
- A belief that the provisions allowing IP Australia to ignore submissions from applicants, and remove the obligation on an opponent to serve documents on the applicant, unless there is an address for service in Australia, are unreasonable.

The Madrid Regulations have only been in force for a very short time, and it may be more appropriate to consider them after users and their advisers have had more time to see how they work. ACIP would, however, be interested to know if there are matters of concern which people believe need to be addressed sooner rather than later.

4.6 Proof of use

The Issue

Once a trade mark has been registered, subject to third party challenge, it may be maintained indefinitely upon payment of a prescribed renewal fee. Should proof of use be required when a registration is renewed?

Discussion

It has been suggested that distinctive trade marks are a finite resource and that it is becoming increasingly difficult for applicants to find new and distinctive marks. Similarly, many feel that the Trade Marks Register is 'cluttered' with marks which are no longer being used, or which no longer accurately reflect their market usage. The costs to business of 'wading' through these marks when considering the adoption of new marks can be significant.

The only means presently available to remove unused marks from the Register is if the owner chooses not to renew their mark, or by way of a third party challenge under Part 9 of the *Trade Marks Act 1995*. Anecdotal evidence suggests that when in doubt as to the usefulness of a particular mark, owners tend to renew their registrations. As the renewal period is 10 years, this could result in a mark remaining on the Register (even if unused) for a considerable period.

A number of overseas trade marks systems (such as the United States) have sought to address this issue by requiring an owner to periodically confirm their use of their registered trade marks. Marks which have not been used during a designated period prior

to renewal may not be eligible for renewal and may be removed from the relevant Register.

Would Australia benefit from the introduction of a similar system? Obviously it would impose an additional step in the renewal process, both for the trade mark owner and IP Australia, however such a system would seem to provide a relatively inexpensive and simple way of ensuring that unused marks are removed from the Register, resulting in a Register which reflects actual trade mark interests.

If a trade mark has been used, the provision of evidence of use should in most cases be relatively simple. Such a system offers the additional benefit that it may also encourage trade mark owners to think more carefully about whether a mark should be retained. If it is no longer required there would be a cost saving in that no renewal fee would be paid.

An example of how such a system could operate in Australia may include:

- Provision of a declaration of use every ten years at the time of renewal of an Australian trade mark registration. The Declaration would state that the owner has used the mark within the three years prior to renewal and perhaps annex suitable evidence, such as invoices.
- Provision could be made to apply for an extension of time to provide the declaration.
- A registration would automatically be invalid, if the owner made a false statement as to usage.

ACIP welcomes comment on the issue of whether the Australian Trade Marks Register is in fact ‘cluttered’ with unused marks and, assuming that it is:

- **what issues (eg: costs) this presents for users of the system; and**
- **whether a renewal system, such as that outlined above, would be an appropriate mechanism for addressing the problem.**

4.7 Rights and obligations of a trade mark owner

4.7.1 Non-use provisions

The Issue

Whether the removal for non-use provisions in the *Trade Marks Act 1995*, are working effectively.

Discussion

From discussions with the focus groups, ACIP believes that the current provisions dealing with removal of a trade mark for non-use are working well. In particular, participants in the focus groups felt that the shift in the onus of proof which requires the trade mark owner to prove use is a significant improvement over the provisions under the 1955 Act.

The following suggestions have been made to ACIP to further improve the current system for dealing with removal of trade marks from the Register for non-use.

- Consideration of whether the fee of \$150 is too low, such that it may not be sufficient to discourage ‘frivolous challenges’.
- More guidance in relation to the contents of the Statutory Declaration to be provided by the applicant for removal. Would it be desirable for there to be a direction as to the kinds of enquiry which should be made to show a *prima facie* case of non-use?

ACIP welcomes comments on these issues and on Part 9 proceedings generally.

4.7.2 Action against counterfeiting

The Issue

Are there cost effective mechanisms available to trade mark owners to combat counterfeiting?

Example

Rock band tour promoters often sell T-shirts relating to a tour at concert events. It is, however, common for unauthorised vendors to sell counterfeit T-shirts outside the concert venue to people as they arrive. Neither the promoter nor local authorities have power to seize the counterfeit goods. Furthermore, legal action is often hampered by difficulties including:

- identification of the vendors;
- identification of a permanent place of business associated with the counterfeit activities; and
- a determination of the quantity of goods involved, particularly where they are mixed with genuine goods.

Discussion

Participants in the focus groups indicated that the sale of counterfeit goods, as outlined above, is a common practice at a variety of venues where the alleged infringer operates on a 'quick in - quick out' basis. In such cases, there is no adequate means of forcing the counterfeit traders to disclose their true identity. There is also little that a legitimate trader or the authorities can do to stop the unauthorised trading or to seize the goods particularly within the time frame of the event.

The problem of counterfeiting, and the way to tackle the problem, requires the striking of an appropriate balance between the rights of the trade mark owner/licensees, and civil liberties.

Focus group participants felt that it is very difficult to persuade the Federal Police to take any action, except in the most extreme cases. It was felt that a very low priority is given to the enforcement of IP rights even though counterfeiting imposes a significant cost on the community generally as well as the trade mark owner. As a result, some focus group participants suggested that the only solution is to give trade mark owners the right to seize goods which are reasonably believed to be counterfeit goods.

Obviously such an approach raises serious issues and ACIP doubts that parliamentary or public support will be forthcoming for a proposal that would allow private persons a right of seizure. Nevertheless, it is apparent that the current system is not working.

Further suggestions made to ACIP include:

- Providing better resources to various government agencies (such as the Australian Federal Police and Australian Customs Service) to enable them to take action against counterfeiting activities.
- Empowering local government agencies with powers of seizure.
- Allowing trade mark owners a limited power of seizure, coupled with contemporaneous court procedures.

ACIP welcomes comments as to whether there are currently effective measures available to combat counterfeiting and if there are not, what options should be considered.

4.7.3 Parallel importation of goods

The Issue

Does parallel importation of trade marked goods benefit the community to such an extent that the cost to the trade mark owner can be justified?

Example 1

ABC Pty Ltd has an exclusive licence to import and distribute a very well known brand of expensive chocolates, which are sold in Australia under a registered trade mark. XYZ Pty Ltd acquires stock of the chocolates from an authorised distributor of the trade mark owner in the United States and imports them into Australia. The chocolates are not properly stored by XYZ and when they are sold to retailers, there are frequent complaints about their quality. The complaints are invariably addressed to ABC, who is known to be the 'authorised' distributor. ABC suffers significant loss and the strength and reputation of the trade mark is seriously undermined.

Example 2

An Australian wine producer markets its wine in Australia and the UK under a well known trade mark. The wine is blended in one way for the Australian market, and in order to cater to taste preferences, is blended significantly differently for the UK market. This would mean that if the wine blended for the UK market was re-sold back into the Australian market under the same trade mark, it would have a disruptive effect to the marketing of the brand in Australia.

Discussion

The general consensus of the focus groups was that there is insufficient protection against the parallel importation of goods which are to be sold under a registered trade mark. Product may be customised for a particular market. A trade mark owner may use his/her trade mark on a range of country specific products and may choose to position product in a section of a market appropriate to a particular country. This may include taking account of such matters as price points, style of product, (eg smooth, fruity, dry etc). Parallel importation can destroy years of carefully established reputation and does not appear to offer any advantages to the business or to the consumer who cannot be confident that the product he/she is purchasing is the same as that purchased previously.

Grey goods may also pose a problem in terms of non-compliance with local requirements designed to ensure that products are safe. This is particularly true of food and beverages, electrical goods and small tools.

ACIP does not believe that it is sufficient to say that if goods are incorrectly labelled they are "illegal" and will be withdrawn from the market. This ignores the fact that there will invariably be delay in removing the goods from the market which means that there is a risk that members of the public will buy product expecting it to be the same as that which they are used to buying. If it is not they are likely to form a poor opinion of product sold under the mark thus causing a diminution in the value of the trade mark. The owner of a trade mark will be even more seriously prejudiced if product bearing his/her trade mark has to be recalled because of non-compliance with local labelling laws.

The Intellectual Property and Competition Review Committee (the IPCR Committee) considered the issue of parallel importation in its 2000 report to the Government. In that report, the IPCR Committee recommended that the *Trade Marks Act 1995* be amended to

ensure that the assignment provisions are not used to circumvent the provisions of section 123 of the Act. The IPCR Committee did not, however, provide any examples to suggest that this is a common practice.

While ACIP accepts that in theory the assignment of a trade mark could be used to circumvent the provisions which permit the importation of grey goods in certain circumstances, ACIP believes that there are in fact strong commercial reasons why the practice highlighted by the IPCR Committee would not be attractive to assignees. For example:

- such an assignment may raise doubts as to the validity of the registration of the trade mark and few trade mark owners would be prepared to expose their trade marks to this risk;
- there are both direct and indirect tax considerations associated with the assignment of a trade mark; and
- there is the risk that an assignment will necessarily lead to the loss of control over the trade mark. This, in turn, is likely to mean that the trade mark may indicate different things to people in different jurisdictions and this is a situation which most trade mark owners prefer to avoid.

ACIP also considers that there is a significant risk that any attempt to impose restrictions on assignments, in the manner contemplated by the IPCR Committee, is likely to result in restrictions being placed on all assignments. At the present time, the assignment provisions appear to be working very well. It is a very simple matter to have an assignment recorded. If the Registrar is required to exercise control over the registrability of an assignment, or even to satisfy himself that an assignment is for an acceptable purpose, it is likely to increase the administrative burden on IP Australia and the costs to the applicant for registration.

In view of the fact that assignments do not appear to be widely used for avoiding the effect of section 123, ACIP does not consider that any change to the legislation is necessary or desirable. ACIP is particularly concerned by the absence of any empirical evidence to support the recommendation made by the IPCR Committee.

If the IPCR's recommendation were to be accepted, ACIP believes that any amendment should be reviewed after a reasonable period to determine whether any benefits have resulted from the change. If there is no empirical evidence demonstrating that a benefit has resulted from the change ACIP suggests that the existing provisions be re-introduced.

ACIP welcomes comments on these issues.

4.7.4 Proposed amendments to the Copyright Act

The previous government introduced a Bill before the Parliament, which sought to deal with the parallel importation of trade marked goods by amending the Copyright Act (the *Copyright Amendment (Parallel Importation) Bill 2001*). We expect the current government to re-introduce the Bill. The wording of the Bill was as follows:

198A Non-infringement of trade mark in relation to the importation of copyright material

(1) A person who uses a registered trade mark in relation to imported goods that are similar to goods in respect of which the trade mark is registered does not infringe the trade mark if:

(a) the importation would have constituted an infringement of copyright except for the operation of a parallel importation provision; and

(b) the trade mark was applied to, or in relation to, the goods before the importation (whether the mark was applied before or after the commencement of this section); and

(c) the trade mark was applied by, or with the consent of:

(i) a person who, at the time the mark was applied, was the registered owner of the mark; or

(ii) a person who, at the time the mark was applied, was the owner of the mark in the place where the mark was applied and who had been a registered owner of the mark at any time before then.

(2) Unless the contrary intention appears, an expression used in this section has the same meaning as in the *Trade Marks Act*.

(3) In this section:

parallel importation provision means:

(a) section 44E, 44F or 112E; or

(b) section 44C or 112C (in so far as that section applies in relation to an accessory to an article of the kind mentioned in subsection 10AD(1)).

The Issue

If adopted this provision would significantly reduce the rights of trade mark owners.

Discussion

Even if the provision can be supported on a policy basis, ACIP believes that it is inappropriate for such a major change to be introduced by legislation other than the Trade Marks Act.

ACIP invites comment on both the alleged underlying policy rationale and the broader issue of changes to the rights of trade mark owners being made through unrelated legislation.

4.7.5 The court system

The Issue

How effectively are the Australian Courts dealing with trade mark enforcement issues?

Discussion

Issues brought to ACIP's attention in this context, include:

- The desirability of further specialisation of IP judges who deal with trade mark enforcement matters.
- Referral of some trade mark matters to the Federal Magistrates Court - ACIP believes that access to a lower court could be particularly beneficial to smaller firms who may be reluctant to engage in costly litigation in the superior courts. A separate ACIP Working Party is considering the question of access to the Federal Magistrate's Court in IP matters.

- Whether greater use should be made of the Registrar of Trade Marks to assist a Court. The Registrar, or a Delegate, could appear to help explain the administrative processes used by IP Australia. The Registrar would only appear when IP Australia is not a party to the matter, and must not be partisan. IP Australia would be responsible for the Registrar's costs.

ACIP welcomes comment as to how effectively the Australian Courts are dealing with trade mark enforcement issues.

4.8 Other issues

4.8.1 Prior use rights

The Issue

Should some protection be afforded to a bona fide trade mark applicant in the face of claims by a prior user.

Example

An Australian wine producer "E" developed a range of wines for the overseas market and he established an excellent reputation for his wine. E did not bother to seek registration of the mark under which the wine was sold. Another wine producer, "D" wished to establish a new range of wines for sale in Australia and overseas. D carried out extensive searches of the Trade Marks Office data base, the ASIC register and other material. He found nothing to indicate that anyone else was using the mark he had selected and he therefore concluded that he was able to use it. D filed an application seeking registration of the mark and began the development of new labels.

E ultimately decided to seek registration of the mark he had been using. When searches were carried out to determine if the mark was available, the application filed by the D was discovered. A letter of demand was sent to D pointing out that E had used the trade mark before D's trade mark application was filed and that E therefore claimed to be the owner of the mark.

D was advised that he was unlikely to be able to contest the ownership of the mark and he was therefore forced to abandon the trade mark.

Discussion

In the example, which illustrates a fact situation that occurs frequently in Australia, there is no protection for the person who filed first, even though it might be argued that it is at least as entitled to protection as the person who used first.

At present all of the costs incurred by D in the example given are thrown away. Yet, there was nothing more that D could have done. It used the system established by the *Trade Marks Act 1995* and made separate market enquiries, but it still lost both the costs it had incurred in adopting the mark and valuable time in getting its product into the market. It may also have risked legal action by E.

If D was permitted to achieve registration, E's interests could be protected in a number of ways. For example:

- E might be permitted to obtain concurrent registration on the basis of prior use for a limited geographic area and in respect of the goods/services on which the mark had

been used. (It is possible for a person to obtain concurrent registration on the grounds of prior use under section 44 (4) of the *Trade Marks Act* but the rights acquired are only restricted at the discretion of the Registrar).

- If E had used the mark solely in respect of goods for export, E might be allowed to register the mark for use in export, but not for use in the domestic market.

ACIP accepts that it is likely to be difficult to formulate a compromise, which is universally acceptable, but it believes that the present system operates very unfairly in some cases and that some change should be considered.

ACIP welcomes comment on this issue.

4.8.2 Association

The Issue

Should Australia re-introduce a mandatory ‘association’ of substantially identical or deceptively similar marks?

Discussion

The *Trade Marks Act 1955* contained provisions which required the ‘association’ of substantially identical or deceptively similar marks, registered in the name of the same person, in respect of similar goods or services. The 1955 Act also prohibited the separate assignment of associated trade marks, the intention being to limit the likelihood of deception and confusion arising from the use of the same mark by different people.

The *Trade Marks Act 1995* does not provide for the association of trade marks and members of the focus groups felt there was real merit in the suggestion that association should be re-introduced.

Participants in the focus groups suggested to ACIP that the system of association under the 1955 Act provided very important information when a trade mark portfolio was being assigned. It allowed the vendor and purchaser to ascertain with a reasonable degree of certainty whether a group of marks were substantially identical or deceptively similar and whether they could be transferred and subsequently used without the risk of confusion to the public. ACIP is aware of at least one instance when a purchaser has been so concerned to ensure that associated marks were assigned that it required the vendor to provide warranties addressing the issue.

ACIP believes that in the absence of associations, there is a real risk that substantially identical and deceptively similar marks will become owned by different trade mark owners resulting in genuine market confusion as to the trade origin of goods/services bearing a particular mark.

ACIP welcomes comment on this matter, including how the issue should be dealt with in relation to marks registered since the introduction of the 1995 Act.

4.8.3 Well known marks/dilution

The Issue

Should Australia introduce additional provisions to protect ‘well-known’ or ‘famous’ marks, either in concert with other countries, or unilaterally?

Discussion

In Australia, there are a number of avenues open to the owner of a well-known or famous mark who wishes to protect their rights. The most obvious are the *Trade Practices Act 1974* and sections 120(3) and 120(4) of the *Trade Marks Act 1995*. However, both are limited in the scope of the protection which they provide and fall far short of the anti-dilution provisions which are now included in the Lanham Act in the United States.

There is ongoing debate at an international level as to the extent of the protection which should be given to well-known marks and the definition of what is 'well-known'. ACIP believes that Australia should continue to participate in these discussions to ensure that the interests of Australian trade mark owners are represented. ACIP understands, however, that little progress has been made in the discussions to date and it therefore questions whether Australia should wait for the issue to be resolved at the international level, or whether it should implement its own system.

ACIP welcomes comment on the following:

- should Australia establish a Register of 'well-known' or 'famous marks'?
- what would be appropriate criteria for assessing whether a mark is 'well-known' or 'famous'?
- what rights should flow to a mark accorded 'well-known' or 'famous' status?

4.8.4 Infringement and dilution on the Internet

The Issue

Should Australia introduce special protection for an Australian trade mark owner who *innocently* places their Australian mark on the Internet and is attacked for misuse of the mark in another country, where the rights in the mark are owned by another person?

Example

ABC Pty Ltd is the registered owner of a trade mark in Australia. The same mark is owned by different entities in other countries. If ABC uses its registered Australian trade mark on a website:

- is it at risk of trade mark infringement in jurisdictions in which the same mark is owned by another entity?
- would ABC's position be improved by the use of appropriate disclaimers, for example, if its website clearly stated that its trade mark is "a registered Australian trade mark", or that the goods/services to which the mark attaches are only available in Australia?
- would ABC still be at risk of 'dilution' proceedings in the US?

Discussion

In recent months there has been a good deal of discussion in the press about the extent to which use of a trade mark on a website might be exposed to challenge in another jurisdiction if the trade mark is owned by a different person there. Much of the discussion has been uninformed and in most cases, there has been a simple answer to the problem posed. However, the suggestion has been made that Australia should introduce some kind of 'long arm' legislation which would protect the Australian trade mark owner from attack in other jurisdictions.

ACIP questions whether any country can realistically be asked to provide such protection. It is also concerned that if Australia unilaterally sought to provide protection to an Australian trade mark owner, that might encourage other countries to prevent an Australian owner from protecting its legitimate rights outside Australia.

One alternative, which has been suggested to ACIP, is the possibility of some form of international agreement/recognition of disclaimers; for example: '*X is a registered trade mark in Australia of ABC Pty Ltd. The goods to which the trade mark attaches are only available for sale in Australia. Rights in this mark are only asserted in Australia*'. ACIP believes that there would be considerable merit in IP Australia pursuing this course in international forums.

ACIP welcomes comment from people who have had first hand experience of this kind of problem. It would also like to receive comments on the advantages/disadvantages of legislation designed to protect Australian trade mark owners, or the efficacy of a disclaimer system.

4.8.5 The effect of sub-section 88(2)(c) of the Trade Marks Act (Rectification)

The section provides that an application for rectification may be made on the grounds that

- (c) *because of the circumstances applying at the time when the application for rectification is filed, the use of the trade mark is likely to deceive or cause confusion for a reason other than one for which:*
 - (i) *the application for the registration of the trade mark could have been rejected under section 43 or 44; or*
 - (ii) *the registration of the trade mark could have been opposed under section 60.*

The Issue

Whether the wording of this section requires clarification.

Discussion

It has been suggested to ACIP that the wording of this section is unclear and that it leaves open the possibility that a mark which was potentially deceptive or confusing prior to registration is not vulnerable to rectification under this sub-section.

ACIP seeks comments on whether the words of the sub-section should be amended to make it clear that deception or confusion which might have provided grounds for refusing registration of a mark are, or are not, relevant for the purposes of rectification.

APPENDIX 1: FOCUS GROUP ATTENDEES

Ms Marianne Dunham	Finlaysons	SA
Mr Dean Rossiter	Rossi Boots	SA
Mr George Karounos	Real Fish'n Chips	SA
Mr John Gerard	Gerard Industries Pty Ltd	SA
Mr Gerard La Fontaine	FH Faulding & Co Limited	SA
Mr Chris Short	Dominant Chemicals	SA
Ms Angela Willington	Austereo	SA
Mr Ian Kidd	Ian Kidd Designs	SA
Mr Alistair Haigh	Haigh's Chocolates	SA
Mr John Royle	Donaldson Walsh	SA
Ms Jennifer Morgan	Pauls Ltd	QLD
Mr Michael Sinnott	Qlicksmart Pty Ltd	QLD
Ms Kerry Newcombe	Pizzey & Company	QLD
Mr Dimitrios Eliades	(Barrister)	QLD
Mr Rod Craig		QLD
Mr Tony Rolland	Thermoscan Pty Ltd	QLD
Mr Ken Taylor	Trade Mark Investigation Services	QLD
Mr Geoff Timms	Good Health Products Pty Ltd	QLD
Mr John Kenny	Kenny & Co	QLD
Ms Ellen Beattie	Kenny & Co	QLD
Mr Michael Wolnizer	Davies Collison Cave	VIC
Ms Ann Duffy	Corrs Chambers Westgarth	VIC
Mr Stephen Swirgoski	BHP Head Office	VIC
Mr Jim Manley	Pacific Dunlop Limited	VIC
Mr Colin Oberin	McMaster Oberin Arthur Robinson & Hedderwicks	VIC
Mr Michael Owen	Quicksilver	VIC
Mr Ken Lark	Coles Myer	VIC
Mr John Ramsden	Anti Counterfeiting Action Group	VIC
Mr Tony Roberts	Rip Curl International Pty Ltd	VIC
Mr Norwood Harrison	CSR Construction Materials	VIC
Mr Kelvin Lord	Lord & Company	WA
Dr Denis Thiele	Department of Agriculture	WA
Mr Louis Mostert	Minter Ellison	WA
Mr David Clayton	Wesfarmers	WA
Mr Guy Proven	Freehills	WA
Mr Richard McCormack	Francis Burt Chambers	WA
Ms Patricia Elphinstone	PB Foods	WA
Mr Paul Fong	Watermark Patent & Trade Mark Attorneys	WA
Mr Anthony Willenge	Blake Dawson Waldron	WA
Mr Marcus Gracey	Adultshop.com	WA
Mr Don Russell	Don Russell Holdings Pty Ltd	WA
Mr Jonathon Huston	Worldmark Pty Ltd	WA
Mr Rod Taylor	Aurora Energy Pty Ltd	TAS
Mr Ian McLelland	Stormy Seas Australia	TAS
Ms Sue Larson	Dobson, Mitchell & Allport	TAS
Mr Greg Geason	Solicitor	TAS
Ms Alanna Rolph	Tourism Tasmania	TAS
Ms Sally Rattle	Tourism Tasmania	TAS
Mr Phil Souter	Tourism Tasmania	TAS
Mr Kevin Baddiley	Tasmanian Apple & Pear Growers Association inc.	TAS
Mr John Romoser	Blundstone Pty Ltd	TAS
Ms Ailsa Sypkes	Aurora Energy Pty Ltd	TAS
Mr Gary McCarthy	Hartz Tas. Mineral Water	TAS

Focus group attendees (continued)

Mr Gerard Skelly	Spruson & Ferguson	NSW
Ms Michelle Eadie	Minter Ellison	NSW
Ms Miriam Moses	Minter Ellison	NSW
Ms Janet Williamson	Southcorp Limited	NSW
Mr Justin Herald	Attitude	NSW
Ms Rebecca Murray	IPAC Securities	NSW
Ms Lynne Brown	Kuta Lines	NSW
Mr Mat Bazzano	Shimano Australia	NSW
Mr Mark Mikkelson	Shimano Australia	NSW
Mr Tony Partridge	David's Limited	NSW
Ms Kylie Millar		NSW
Ms Rhonda Steele	Mars Inc	NSW
Ms Ayela Thilo	Unilever Australia limited	NSW

APPENDIX 2: CROSS SEARCH CLASSES

Application class	Previous cross class search	Current cross class search
Class 1	1, 2, 3, 4, 5, 16, 17, 29, 30, 31, 35, 40, 42	-
Class 2	1, 2, 3, 16, 17, 19, 35, 40, 42	-
Class 3	1, 2, 3, 4, 5, 21, 35, 40, 42	5, 21, 42
Class 4	1, 3, 4, 35, 37, 39, 40, 42	39
Class 5	1, 3, 5, 10, 16, 29, 30, 31, 32, 35, 40, 42	3, 10, 30, 32
Class 6	6, 7, 8, 9, 11, 12, 14, 17, 19, 20, 21, 22, 35, 37, 40, 42	17, 19, 20, 22
Class 7	6, 7, 8, 9, 11, 12, 16, 17, 21, 35, 37, 40, 42	8, 11, 12, 21
Class 8	6, 7, 8, 9, 14, 16, 21, 26, 35, 40, 42	7, 21
Class 9	6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 22, 28, 35, 37, 38, 40, 41, 42	16, 28, 37, 38, 41, 42
Class 10	5, 9, 10, 11, 20, 35, 40, 42	5
Class 11	6, 7, 9, 10, 11, 17, 19, 20, 21, 35, 37, 39, 40, 42	7, 17, 19, 21, 37
Class 12	6, 7, 9, 12, 17, 28, 35, 37, 39, 40, 42	7, 37
Class 13	9, 13, 35, 37, 40, 42	37
Class 14	6, 8, 9, 14, 16, 20, 21, 26, 34, 35, 36, 37, 40, 42	21, 37
Class 15	9, 15, 35, 37, 40, 41, 42	-
Class 16	1, 2, 5, 7, 8, 9, 14, 16, 17, 20, 21, 22, 24, 28, 35, 37, 38, 40, 41, 42	9, 41, 42
Class 17	1, 2, 6, 7, 9, 11, 12, 16, 17, 19, 20, 21, 22, 24, 35, 37, 40, 42	6, 11, 19, 37
Class 18	18, 20, 21, 24, 35, 37, 40, 42	-
Class 19	2, 6, 11, 17, 19, 20, 21, 22, 24, 27, 31, 35, 37, 40, 42	6, 11, 17, 37
Class 20	6, 10, 11, 14, 16, 17, 18, 19, 20, 21, 22, 24, 35, 37, 40, 42	6, 21, 24
Class 21	3, 6, 7, 8, 11, 14, 16, 17, 18, 19, 20, 21, 24, 34, 35, 40, 42	3, 7, 8, 11, 14, 20
Class 22	6, 9, 16, 17, 19, 20, 22, 23, 28, 35, 40, 42	6
Class 23	22, 23, 26, 35, 40, 42	26
Class 24	16, 17, 18, 19, 20, 21, 24, 27, 35, 37, 40, 42	20, 27, 40
Class 25	25, 35, 37, 40, 41, 42	40
Class 26	8, 14, 23, 26, 35, 40, 42	23
Class 27	19, 24, 27, 28, 35, 37, 40, 42	24, 37
Class 28	9, 12, 16, 22, 27, 28, 35, 37, 40, 41, 42	9
Class 29	1, 5, 29, 30, 31, 32, 35, 40, 42	30, 31, 32
Class 30	1, 5, 29, 30, 31, 32, 33, 35, 40, 42	5, 29, 31
Class 31	1, 5, 19, 29, 30, 31, 32, 35, 40, 41, 42	29, 30
Class 32	5, 29, 30, 31, 32, 33, 35, 40, 42	5, 29, 33
Class 33	30, 32, 33, 35, 40, 42	32
Class 34	14, 21, 34, 35, 40, 42	-

Cross class search - continued

Application class	Previous cross class search	Current cross class search
Class 35	1 through to 36, 38, 41, 42	36, 42
Class 36	14, 35, 36, 39, 42	35, 42
Class 37	4, 6, 7, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 24, 25, 27, 28, 37, 38, 39, 40, 42	9, 11, 12, 13, 14, 17, 19, 27, 38, 42
Class 38	9, 16, 35, 37, 38, 39, 41, 42	9, 37, 41, 42
Class 39	4, 11, 12, 36, 37, 38, 39, 42	4, 42
Class 40	1 through to 34, 37, 40, 42	24, 25, 42
Class 41	9, 15, 16, 25, 28, 31, 35, 38, 41, 42	9, 16, 38, 42
Class 42	1 through to 42	3, 9, 16, 35, 36, 37, 38, 39, 40, 41

APPENDIX 3: SCALE OF COSTS

Part 1. Costs

Item	Matter	Amount
1	Notice of opposition	\$180
2	Evidence in support	\$480
3	Receiving and perusing notice of opposition	\$90
4	Receiving and perusing evidence in support	\$210
5	Evidence in answer	\$480
6	Receiving and perusing evidence in answer	\$145
7	Evidence in reply	\$240
8	Receiving and perusing evidence in reply	\$90
9	Preparation of cases for hearing	\$360
10	Attendance at hearing by registered patent attorney, registered trade marks attorney or solicitor without counsel	\$180 an hour or \$810 a day
11	Attendance at hearing by registered patent attorney, registered trade marks attorney or solicitor instructing counsel	\$145 an hour or \$650 a day
12	Counsel fees for attendance at a hearing	\$240 an hour or \$1,080 a day

Part 2 Expenses and allowances

Division 1 Expenses

1. A person who has paid a fee prescribed in these regulations in relation to proceedings before the Registrar may be paid the amount of the fee.
2. A person attending proceedings before the Registrar must be paid:
 - (a) a reasonable amount for allowances for transport between the usual place of residence of the person and the place that he or she attends for that purpose; and
 - (b) if the person is required to be absent overnight from his or her usual place of residence — a reasonable amount for allowances up to a daily maximum of \$405 for meals and accommodation.

Division 2 Allowances

3. A person who, because of his or her professional, scientific or other special skill or knowledge, is summoned to appear as a witness before the Registrar must be paid:
 - (a) if the person is remunerated in his or her occupation by wages, salary or fees — an amount equal to the amount of wages, salary or fees not paid to the person because of his or her attendance for that purpose; and

- (b) in any other case — an amount of not less than \$95, or more than \$475, for each day on which he or she so attends.
4. A person summoned to appear as a witness, other than a witness referred to in clause 3, before the Registrar must be paid:
- (a) if the person is remunerated in his or her occupation by wages, salary or fees — an amount equal to the amount of wages, salary or fees not paid to the person because of his or her attendance for that purpose; and
 - (b) in any other case — an amount of not less than \$54, or more than \$89, for each day on which he or she so attends.