

## **Submission on Advisory Council on Intellectual Property's Issues Paper "Review of Enforcement of Trade Marks"**

Whilst Davies Collison Cave agrees with the submissions made by the Institute of Patent and Trade Mark Attorneys of Australia on the above Issues Paper, we would like to make some additional comments. For convenience we use the same reference numbers and headings set out in the Issues Paper.

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

We believe the existing single trade marks registration system requiring scrutiny by the Trade Marks Office for compliance with substantive law requirements and resulting in a relatively strong trade mark works well and should not be replaced or supplemented by other registration systems.

In particular, we do not support moving to a registration system in which there is examination solely to ensure that minimum requirements relating to formalities have been met. We do not believe such a system can grant meaningful trade mark rights and such a system would be likely to generate the current confusion and misunderstanding surrounding the registration of business names referred to in the Issues Paper.

Nor do we support the introduction of a two tiered trade marks system, one providing a weak trade mark obtainable quickly and at low cost, and the other providing for a strong trade mark which would take longer to acquire and cost more money. Such a two tiered system will further complicate matters without providing any real benefit. We anticipate that most traders who have committed any resources to their trade mark would ultimately be dissatisfied with a trade mark that is unlikely to provide effective protection.

We consider that the changes made to the structure of the trade marks system by the *Trade Mark Act 1995* can be regarded as achieving an acceptable compromise to any tension that may exist between the desire on the part of some for strong marks and a preparedness on the part of others to accept a cheaper weaker mark referred to in the Issues Paper. The two particular changes we have in mind are the abolition of Part A and Part B of the Register and the introduction of the presumption of registrability. Effectively the *Trade Marks Act 1995* reduces the level of distinctiveness a trade mark must possess in order to be registrable to that required of Part B marks but grants Part A rights and more to all registered marks. The presumption of registrability removes the onus from the applicant to satisfy the Registrar that there is no lawful ground of objection to registration and operates to require the Registrar to accept an application unless he or she is satisfied that there are grounds for rejecting it. Both these factors operate to lower the entry requirements and costs for obtaining a trade mark registration.

#### **4.1.1.a Business and Company Names**

We of course agree that educating traders and their various advisers about the true nature of company and business name registration is a valuable exercise, however, it

is difficult to believe that this is likely to eradicate the misconceptions highlighted in the Issues Paper in the immediate future.

It seems that the only practical way to effectively overcome the misconceptions of many traders as to the effect of a business name registration is to adopt the suggestion that, rather than be granted a registration, the proprietors of a business be issued with an identifying number which they will be required to use in all business transactions. Such a system will not generate a mistaken belief about rights in a business name, although it will no doubt result in some instances with businesses being conducted under the same name. Perhaps more importantly, there will not be generated any registers which can be searched by honest traders wishing to adopt a name different to those already in use. Thus it appears a decision needs to be made as to which is more important – eradicating the current misconceptions relating to the effect of registering a business name or maintaining registers of the names under which businesses are conducted which are available for searching.

We consider there are other problems with businesses under the Trade Marks Act which warrant further consideration. A "person" is defined in the Act as including "a body of persons, whether incorporated or not." The question thus arises as to whether a business having more than one proprietor is a person for the purposes of the Trade Marks Act, a question on which opinions appear to differ. In our experience this causes particular difficulty in relation to the defence now provided by section 122(1)(a) of the Act.

#### **4.2.1.b Non-word or logo marks**

It is clear that there are problems in obtaining registration of the new signs expressly included as registrable signs in section 6 of the *Trade Marks Act* 1995, that is signs consisting of or comprising aspects of packaging, shape, colour, sound or scent ("the new signs"). Apart from the effect of the Full Federal Court decision in *Koninklijke Philips Electronics NV v Remington Products Pty Ltd*, it seems clear that these new signs are capable of being registered as trade marks. The extent to which the shape of a good is registrable as a trade mark for the good is left unclear following the *Philips v Remington* decision, although it is possible that the position may be clarified by the Full Federal Court's appeal decision in the *Kenman Kandy Case*. If the position regarding the registrability of the shape of goods as a trade mark for those goods is not fully clarified by this appeal, we believe that the Trade Marks Act should be amended to make it clear if and to what extent such shapes are so registrable as trade marks.

We do not consider there is any basis in law or principle for applying section 41 of the Trade Marks Act differently to the new signs. That is, the two step process mandated by section 41 should be followed in relation to all signs including the new signs, and in particular it should not be assumed that the new signs do not possess a sufficient degree of inherent adaptation to distinguish so as to qualify for registration under section 41(3). Furthermore, we do not consider it appropriate to approach the registrability of all shapes, as some cases suggest, on the basis that it is legitimate for other traders to want to copy the shape of another's successful product thus making it unlikely that shapes will qualify for registration under section 41(3).

#### **4.2.2 Disclaiming Non-Distinctive Elements of a Trade Mark**

We consider that it should be mandatory to disclaim non-distinctive material from registered trade marks. In the absence of such a disclaimer, varying degrees of uncertainty exist as to the precise scope of the rights granted to the registered owner. This situation particularly disadvantages other traders. By its very nature, it is likely that other traders may legitimately wish to use the non-distinctive material of a trade mark, yet the subjective nature of the tests for determining whether such use will infringe the registration and the costs of litigation will deter most traders from using the non-distinctive material. We do not consider this is in the public interest.

#### **4.3 Board of Review**

We do not support introducing a Board of Review within IP Australia. We consider this will simply add another layer to the system with consequential delay and further costs. An informal consultation or review process within IP Australia seems a preferable solution to the problems raised in the Issues Paper in this context. However trade mark litigation, like most court proceedings, is expensive and it seems appropriate to investigate whether the Federal Magistrates Court should be given jurisdiction to hear at least some trade mark matters.

#### **4.4 Opposition Proceedings**

We consider the current, relatively cheap opposition procedure is of considerable benefit to traders and do not consider its essential nature should be altered. For this reason we do not support anything but a modest increase in the current scale of costs. However, we believe that the granting of extensions of time for serving evidence in opposition proceedings needs to be tightened and for this reason we support the suggestion in 4.4.2 that IP Australia appoint a Hearing Officer at the outset of each opposition to oversee a timetable and keep the proceedings "on track". If successive extensions of time are being sought, we also support the suggestion that the Hearing Officer should introduce a timetable for the further conduct of the opposition. We also support the suggestion that the precise grounds relied upon by the opponent should be identified well prior to the Hearing.

#### **4.6 Proof of Use**

We do not support the suggestion that proof of use of a trade mark be required when a registration is renewed. We consider any system will be cumbersome and impose additional costs on trade mark owners and the Trade Marks Office. Proof of use of the mark presumably will be required for all goods and services covered by the registration. However, what constitutes use for these purposes can be unclear if case law precedent on non use removal actions and entitlement to apply for a trade mark is going to be applicable. Presumably also considerations such as those set out in sections 100(3)(c) and 101(3) will need to be taken into account. For these reasons, we do not consider the advantages of implementing the suggested regime outweigh the considerable disadvantages such a regime can cause in particular circumstances. This is particularly so taking into account that in our experience the non use removal provisions in the 1995 Act work particularly effectively.

#### **4.7 Rights and Obligations of a Trade Mark Owner**

As is apparent from the above, we consider that the non use removal provisions are working effectively. We do not recommend increasing the fee for removal actions or greater prescription of the inquiry required of a removal applicant. However, we believe that only in particularly unusual circumstances should an opponent to the removal action be allowed an extension of time to provide evidence in support of the opposition.

Davies Collison Cave  
Patent & Trade Mark Attorneys  
Brett Lewis  
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