



**The Institute of
Patent and Trade Mark
Attorneys of Australia**
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Advisory Council on Intellectual Property
PO Box 200
Woden ACT 2606

RE: Review of Enforcement of Trade Marks - Issues Paper – February 2002

The Institute of Patent and Trade Marks Attorneys of Australia (IPTA), representing over 250 such attorneys has, through its Trade Marks Committee, considered the abovementioned document and makes the submissions detailed below.

The Trade Marks Committee of IPTA comprises experienced Trade Marks attorneys from a number of firms in private practice and is confident that its views are supported by the vast majority of members of IPTA.

The Members of IPTA understand that they handle the majority of professionally managed trade mark applications filed in Australia and have a clear understanding of their clients needs in registration and enforcement of trade marks in Australia.

We have commented (using like numbered paragraphs) on those issues that we felt require a comment and have not commented on those that are not an issue from our perspective.

2.2 Generally the comment that the current system has been geared towards a "more speed less cost" approach is correct. We strongly disagree with this approach as it results in much less certainty for trade marks owners and those seeking to adopt a new trade mark. The result is lower up front cost on the surface, however much more costly issues then need to be dealt with, such as more non-use investigations, negotiations and, complex and less certain search opinions. These are not seen by the officers of the Trade Marks Office who view the speedy issuance of a Certificate of Registration as all important. The statement that "there is considerable concern at what is seen as the erosion or dilution of trade mark rights" is in our view a correct statement. The lowering of the standards of examination have given rise to this outcome.

Review of Enforcement of Trade Marks –
Issues Paper – February 2002

2.3 & 2.4 We are of the view that a two tiered trade mark system is a retrograde step and is not a practical solution.

The introduction of a two-tier trade mark system does not remove the difficulties which already exist in having company and business name registrations, a domain name system, common law marks, etc. Indeed, a two tier trade mark system merely introduces yet another registration system complicating what is already viewed by some as a complex legal situation. If the second tier system of trade marks is a straightforward deposit system what purpose does it serve? What benefits result from registration? If small business is already confused by the existing system why make that system even more complex?

The paper makes reference to the U.S. Supplemental Register. This system was introduced to benefit small business in the U.S. However, registration confers no substantive trade mark rights (McCarthy 19.36) and there are many disadvantages (McCarthy 19.36) - including the fact that a trade mark on the Supplemental Register can be cited by the PTO against a trade mark proceedings in the Principal Register with the result (per McCarthy) that a "non-mark" can block a "real mark", thus creating more complications and more costs for the owners of genuine trade marks. The U.S. Supplemental Register is not a good example to follow.

Possible benefits - i.e. quick, easy and cheap - seem to me to be outweighed by the many disadvantages of a two-tier system. Other benefits - eg searching common law marks - are illusory since there will still be common law marks not listed on the second tier register.

Australia should most definitely not move to a purely registration system. This would create many "behind the scenes" problems and thus expenses for trade mark owners and those seeking to adopt a mark. Those of us that have worked extensively in countries with such systems know the terrible difficulties and costs for those using such systems.

We believe that the examination system should be more rigorous, not less.

4.1.1.a Whilst it is definitely worthwhile to rationalise the various State business name registers we doubt whether this is politically achievable. Linking of ASIC & State Corporation and Business Names registers with the IP Australia databases would be helpful for searching purposes. Also we recommend that all Business Name registrations issued carry a warning to the owner that the registration does not give them any rights and that they should search the Trade Marks register and obtain professional assistance before using their name.

4.1.1.b Domain Names -

The comments regarding the interrelationship between domain names and trade marks are agreed with. It is our view that Domain Name applicants should be forced by the necessary procedures to be aware of registered trade marks (including applications therefor).

The suggestions regarding anti dilution and Famous Marks provisions have been considered by us however we are of the view that these issues are too difficult to implement effectively. The whole "Famous Marks" debate has never been resolved as the issues are extremely complex and are, inter alia, geographical and time dependent. Anti dilution laws have their own complex issues that we view as unnecessary to introduce into Australia. Section 60 and 123 of the Trade Marks Act combined with S52 of the Trade Practices Act provide de facto protection in this area.

The meta-tagging issue is a problem that we understand is diminishing as the sophistication of the internet improves. Thus we do not think that there is any action required.

4.1.1.c Plant Breeders Rights -

There is a fundamental position that varietal names cannot be registered as trade marks. The issue is one that we think is probably raised by a lack of understanding of the Trade Marks Act and the rights it is capable of conferring, rather than a problem with the Act. If users sought professional advice this issue would most likely go away.

4.1.1.d Geographical Indications -

The terminology in the TRIPS Agreement on the subject of GIs as relating to Au is felt to be adequate.

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

This is an area of law that is developing in many countries. It is almost inevitable that it will be required in some form in Australia. It requires a special study to examine this question and thus is beyond the scope of a concise response at this time. We would support the establishment of a working party to study this question.

4.1.1.f National Icons -

A very difficult area. However we are happy to participate in a specific working party on this subject.

4.1.2 We support the proposal to link the trade mark and business and company names registers to encourage a greater awareness of the need to search and appreciate trade mark rights and existence of company and business names.

4.1.3 Intention to use and copyright -

We do not believe there are any problems in this area. The fundamental problem lies in the lack of willingness by some businesses to use professional advisers. The law cannot be a totally "do it yourself" system. There are many complexities beyond the Trade Marks Act. There are a number of common law and statute legal issues here that will not be resolved readily by changes to the various Acts.

4.2.1.a Examiner's Reports -

As previously commented on by us and as highlighted in the ACIP report this is an area of great concern. Examination should be more consistent, rigorous, and a higher standard of registrability applied by examiners.

Perhaps the answer lies in more intensive examiner training courses. The Trade Marks Office has traditionally had a high turnover of examination staff. It has been of concern in recent years that this turnover is also happening at the higher levels of experienced examination staff. Up until recent times there seemed to be a greater incentive to achieve higher office in the examination branch. This seems not to be the case anymore and we are losing or have lost a number of highly regarded members of the TM office prematurely. Possibly the downgrading of examination standards has contributed to this.

The IPTA would be happy to contribute to training programmes.

4.2.1.b Non-word or logo marks -

The Office has managed to work itself into a corner in relation to these "new signs" and can be said is now almost in a state of paralysis. It is our view that the structure of Section 41 is entirely satisfactory for dealing with "new signs" but that the Office has gone out of its way to further complicate what is already a complex issue. This is reflected in the Office's obsession with

- (1) a threshold inquiry (referred to in the discussion paper) as to whether the "new signs" are marks per se.
- (2) Introducing exotic concepts from throw-away lines in UK decisions (TREATS) which require an applicant for a "new sign" to positively establish that it has educated the public to recognise that the sign is a trade mark.
- (3) Adopting an aggressively negative approach to the evidence tendered (especially for purposes of Section 41(6)) as illustrated in the OREGON decision.

- (4) Huge inconsistencies in Office decisions regarding "new signs" - especially evident in relation to COLOUR marks - and the criteria appropriate for assessing the registrability of such trade marks.

There does not appear to be an easy solution to this very real problem. An analysis of a number of Office decision might be a worthwhile exercise. Perhaps a working group should look further into this area. We would be happy to participate in any working group.

4.2.1.c Restricted searching by class -

We absolutely agree with ACIP comments regarding the Office's restriction of the cross class searching and strongly support any reversal of the current situation. This restriction of searching has certainly accelerated the decline in examination standards.

4.2.1.d Consultation -

We have experienced quite a good degree of consultation by IP Australia. It has improved in more recent times and thus do not have any immediate concerns as long as the current approach is maintained.

- 4.2.1.e We support a preliminary examination to ensure correct classification at the earliest time. IP Australia has a new procedure about to be implemented in this regard and thus we believe it is probably already being appropriately addressed.

4.2.1.f Third Party disclosure to the Office -

We have not experienced any problems in this area. It is our view that any material submitted should be immediately supplied to the applicant, including the source of the person notifying the Office.

4.2.2 Disclaimers -

The IPTA strongly supports the reintroduction of disclaimers. All of the comments in the ACIP report on this subject are entirely correct and we feel there is no need for additional comment at this time. The problem relating to those marks already on the register that do not, but should, have disclaimers is a difficult one. An expedient solution would be to mark each mark registered in the relevant period with a note to the effect that it was registered during the period when disclaimers were not requested during examination and that they may be subject to a disclaimer with respect to a part of the mark. To re-examine or to deal with the issue at renewal does not seem practical to us. In particular it is most likely not possible to refuse to renew pending resolution of a disclaimer examination.

4.2.3 Nice Classification -

We agree with ACIP's comments and support an active role in lobbying for needed changes, by our delegations to the WIPO Nice Agreement discussions. A working party should be initiated well in advance of such WIPO Meetings to fully flesh out any proposals.

4.3 Board of Review -

We are not in favour of introducing a Board of Review.

TIME: It already takes around 3 months or more to get an Office decision. A further review would probably mean another several months before the Office finally reaches a conclusion.

CONSISTENCY: If the Office (i.e. the Hearings Officers) are consistent and basically follow the same approach, the board of review would - in the majority of cases - just repeat the initial Hearing Officer's decision.

FEDERAL MAGISTRATES COURT: This suggestion (discussed at 4.7.5) probably has more merit, especially in relation to the use of COSTS.

AAT OR FEDERAL COURT: Some matters actually need to be decided at this level and although the cost factor is inhibiting, this "appeal" procedure is crucial to the development and interpretation of Australian trade mark law.

4.4 Opposition Proceedings -

The relatively cheap and straightforward opposition procedure in Australia is a huge benefit to trade mark owners and practitioners. We should do everything possible to ensure that the benefits of LOW COSTS and SIMPLICITY are retained at all costs.

Some worthwhile improvements might include the following:

CONFIDENTIALITY: Greater provision - or clearer provision - needs to be made for confidentiality in evidence tendered by the parties.

EXTENSIONS OF TIME: It is difficult to get the balance between genuine extension applications and those applications for extensions which merely play for time. At the moment it seems just too easy to get extensions of time and to continue getting extensions. For this reason - and for other reasons - we consider that the suggestions under 4.4.2 are worthwhile and should be pursued, as follows:

Early involvement of Hearing Officer to keep opposition "on track" (although this view is not universally agreed within our group). If extensions of time beyond the first or second deadline appear likely, the Hearing Officer should introduce a timetable for the further conduct of the evidence stage of the proceedings.

GROUNDINGS OF OPPOSITION: As part of that "timetable", the opponent must at some stage well prior to the Hearing - for example, immediately on the close of evidence - specify the precise grounds upon which the opposition will be run at the Hearing.

COSTS: The current scale of costs is not too far from being exactly what it should be. Any increase should be very modest - at the most 10% with a further review within 2 or 3 years. This is so, primarily, because the low cost nature of opposition proceedings in Australia is important for trade mark owners, especially small business.

4.4.3 Contrary to Law -

Given the wording of Section 42(b) and given the very clear judgment in *ADVANTAGE RENT-A-CAR INC.*, there can be little doubt - certainly at the opposition stage - that the Registrar's previous approach to this issue is no longer tenable. As a matter of practice the suggestion that examiners continue to apply the more restricted approach at examination has some attraction. There is, however, something unsatisfactory about the ambiguity of having a restricted approach at examination and a wider approach at opposition. However, if that "two-faced" approach works in practice then it may be a fairly sensible solution to a complex problem.

It has also been suggested that there should be a tightening of the Statement of Grounds particularly on this issue at least a week or two prior to a Hearing. Possibly this should be done at the Evidence in Reply stage.

4.5 Madrid Protocol -

There are no issues at this early time. Due to excellent work by IP Australia in consultation with the CIGs this is working quite well.

4.6 Proof of use -

Whilst there are many good reasons to introduce such a requirement we believe on balance that it would be a retrograde step. There is no doubt that trade mark registers become cluttered with unused marks and thus it becomes far more difficult (and thus expensive) for users to adopt their desired mark.

It is not necessary to link a proof of use to renewal if it was decided to adopt such procedure. It could happen as it does in the USA where it occurs in the 6th year following registration. This would be far more preferable than to link it to renewal as there are many issues to be considered as to what would satisfy such a requirement.

When proving use it can be difficult to determine what actually constitutes "use". How do you provide proof of use in situations other than invoices? Is stationery (letterhead, business cards, etc) "use"? Does the proprietor have to demonstrate use on all items of the specification?

In other words it is sometimes unclear what actually constitutes use and this may be a problem in implementing a proof of use requirement.

In any event the non-use provisions under the Trade Marks Act are relatively straightforward and easily accessible.

4.7.1 Non-use provisions -

We consider that the non-use provisions are working effectively.

In relation to the suggestions mentioned in the discussion paper it seems to us that an increase in the official fee would not have the consequence sought to be achieved - nor, that "frivolous challenges" are a serious concern. The fee would have to be raised to say \$1,000 if this was a problem to be addressed.

The existing procedure for initiating proceedings is working satisfactorily - in other words we do not think that we should recommend any changes in relation to the very basic content of the initiating Statutory Declaration filed by an applicant seeking removal of a trade mark. We are of the view that the meaning of "person aggrieved" be kept as generous as possible and that registered owners not be allowed to escape removal on purely technical grounds.

Extensions of Time: Only in extenuating circumstances should a registered owner be allowed an extension of time beyond the initial three (3) months to provide evidence in support of the opposition - i.e. evidence to rebut the non-use application.

4.7.2 Counterfeiting Issues -

The amount of Government resources allocated to police counterfeits at either the customs barrier or at venues such as pop concerts is a political question that we understand has to be balanced against other budgetary constraints. However any additional resources that can reasonably be added to the current level would be desirable.

We do not feel that there is a role for trade mark owners to be given any sort of limited power of seizure.

4.7.3 Parallel Importation of goods -

The scenarios presented are valid however the whole issue of parallel importation has been clearly reviewed by government with respect to competition policy and to revisit this now is pointless.

From our experience our clients are not in any noticeable way, assigning their trade marks to other parties in order to circumvent S123 of the ACT. In our view and from our experience with our clients, there is not any action required at this time.

4.7.4 Proposed Amendments to the Copyright Act -

We strongly agree with ACIP that it is inappropriate to incorporate into any Act other than the Trade Marks Act issues of trade mark infringement. Thus if this proposal is thought by Government to be necessary then it is our view that any amendments must be incorporated into the Trade Marks Act.

4.7.5 Court System -

We refer ACIP to the IPTA submissions on the Federal Magistry proposals. We feel that due to the complexity of most IP litigation it is probably not practical to run trade mark cases through any lower courts than are currently available.

4.8 Prior Use Rights -

We do not believe that there is any point in reviewing this situation. The rights of first users to register are at the core of our (and many other countries') trade mark law. No changes should be contemplated.

4.8.2 Association -

We agree that when the Act was amended in 1995 to abolish associations, that a most valuable feature of our system was lost. We share the views expressed in the ACIP report as to the problems that will occur over time regarding the possibility of different parties owning substantially identical and deceptively similar marks. We support any proposal to reintroduce associations into Act. With regard to the period since the introduction of the 1995 Act, this could be handled by examination for associations whenever an assignment was to be recorded. This would bring the system not too far from that which operated pre the 1995 Act, except that slightly more work would be needed by the examiner. All of the old associations that are most likely still on the database(but hidden from view) could be reinstated.

4.8.3 Well known marks -

In our view there is no need for any action in this area. The debate over how to assess what is a well known or famous mark has been around for many decades and cannot be resolved. There are complex issues in such an assessment. For how long, and over what geographical area, and over what scope of goods or services, are rights obtained. Due to changing facts these rights will change over time. This area is best left to the existing remedies under the Trade Marks and Trade Practices Acts.

4.8.4 Infringement and Dilution on the Internet -

We do not believe that there is a real issue here that is not being faced and resolved on a basis by Australian Trade Mark owners being properly advised by their professional advisors. If there could be some standard international agreement/ recognition concerning disclaimer then that may give comfort to some trade mark owners. However the infringement occurs when they respond to requests from other countries where they have no rights and will contravene another's rights. No disclaimers will help in such situations.

4.8.5 Sub-Section 88(2)(c) -

The wording of this section is not unclear. However, its effect is limited and this may be the basis for concern about it.

Marks registered in Part A or Part B under the *Trade Marks Act 1955* cannot have been rejected under s43 or s44 or opposed under s60 of the 1995 Act, so the exclusions in s88(2)(c)(i) and (ii) do not apply to them (*Australian Cooperative Foods Ltd v Norco Cooperative Limited* (1999) 45 IPR 228 at 245).

In *Big Country Developments Pty Ltd v TGI Friday's Inc & anor* (2000) 48 IPR 513, the Full Federal Court seems to have treated the registration in question as though it were one obtained under the *1995 Act* and therefore did not take the line of Bryson J in *Australian Cooperative Foods Ltd v Norco Cooperative Limited*. Other cases have adopted this approach (*Chifley Tower and Toddler Kindy*). In the Norco case the Court pointed out that "the right to apply for rectification of the Register which is conferred by para (c) of s88(2) is excluded only in relation to deception or confusion that arises for a particular reason specified in s43 or s44". Because the case of deception and confusion sought to be made out in those proceedings did not "depend upon some connotation in the registered mark, but upon its similarity to a name used by Big Country and others so the alleged deception or confusion is not for a reason covered by s43. And s44 does not apply because no application has been made for registration of the mark with which the registered mark is said to be substantially identical or to which it is said to be deceptively similar".

The Court did not deal with possible opposition under s60. Nonetheless, the essential point was that the exclusions to s88(2)(c) are limited.

However, s88(2) is itself limited. “An application may be made on any of the following grounds, and on *no other grounds*”. One of these grounds, s88(2)(d) has already been repealed. The remaining grounds do not include a general ground that the use of the mark is likely to deceive or cause confusion.

S88(2)(c) does apply where the use of the trade mark is likely to deceive or cause confusion for a reason which is different from reasons for which the application for registration of the trade mark could have been rejected under s43 or s44 or opposed under s60. It is submitted that s88(2)(c) should have applied to the use of the OHTSU, FALKEN and FALKEN RX marks because those marks indicated a connection in the course of trade with Ohtsu and not with the assignee Transport Tyres who by the time of the proceedings, was the registered owner after the assignment. The reason for the likelihood of deception or confusion was the fact that the mark indicated a connection with Ohtsu and not with Transport Tyres. The Full Federal Court in Montana held that notwithstanding the attack under s88(2)(e), the assignment was properly recorded. They did not consider s88(2)(c). Thus the scope of action under s88(2)(c) has not been tested except in *Australian Cooperative* and *Big Country* where the exceptions did not apply.

It is possible that the exclusions to s88(2)(c) may be even more narrowly construed than they were in *Big Country v TGI Fridays*. The first exclusion, of a reason for which the application could have been rejected under s43 or s44, must be considered in the light of the fact that those sections are grounds for opposition as well as rejection. The presumption of registrability means that the Registrar must accept an application unless positively satisfied that there is a ground for rejection. It is quite conceivable that evidence in opposition might lead to refusal of an application under s43 for a reason different from any reason for which it could have been *rejected* under that section.

The concerns with s88(2)(c) appear to be based on the fact that there is no general ground for rectification (or for that matter rejection or opposition) on the basis of likelihood to deceive or cause confusion. However, this is a result of policy in the drafting of the Act and can be remedied only by the amendment of the Act to include such a ground.

Collective Marks

An issue which is not dealt with in the Issues Paper is the matter of the qualification for ownership of a collective mark. The present provisions of sections 6 and 162 appear to have the result that a collective mark cannot be owned by an association which is incorporated. Since almost all states now make provision for the incorporation of associations, and since most associations of any significance are now incorporated under those provisions, the result is that Part 5 of the Act has virtually no application. The Institute considers the Act should be amended to permit an incorporated association to own a collective trade mark.

Yours faithfully,

A handwritten signature in cursive script, appearing to read "D. Griffith".

David Griffith
Convenor – IPTA Trade Marks Committee

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