



LAW COUNCIL
— OF —
AUSTRALIA

Mr Owen Malone
Chairman
Advisory Council on Intellectual Property
P O Box 200
Woden ACT 2606

Dear Mr Malone,

Review of Enforcement of Trade Marks

I have pleasure in enclosing a submission prepared by the Law Council of Australia's Intellectual Property Committee of the Business Law Section which comments on certain aspects of the Issues Paper released by the Advisory Council on Intellectual Property entitled "Review of Enforcement of Trade Marks".

Yours sincerely,



Michael Lavarch
Secretary-General

18 June 2002

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The Intellectual Property Committee of the Law Council of Australia ("the IPC") has considered certain aspects of the Issues Paper released by the Advisory Council on Intellectual Property entitled "Review of Enforcement of Trade Marks" and makes the following submissions. Unfortunately, in the time frame available, the IPC has not been able to consider and make submissions on all the matters raised in the Issues Paper.

The IPC's submission is in five parts as follows:

Part 1 The preferred trade marks system

- 1.1 the preferred trade marks system in general
- 1.2 presumption of registrability
- 1.3 disclaimers
- 1.4 cross class searching
- 1.5 oppositions to registration
- 1.6 enforcement measures
- 1.7 association

Part 2 Protection of well-known and famous trade marks

Part 3 Infringement and Dilution on the Internet

Part 4 Section 88(2)(c)

Part 5 Collective Marks

PART 1: The Preferred Trade Marks System

1.1 The Preferred Trade Marks System in General

(Paragraph 2.4 of Issues Paper)

The IPC considers that Australia should have a single trade marks system which provides registered owners with a quality trade mark with strong, clear and certain rights. The IPC considers that such a system best serves the public interest by ensuring that no one trader obtains a monopoly or an ostensible monopoly in a sign that should be free for other traders to use or gains rights at the expense of other registered owners of trade marks. The IPC also believes that such a system is ultimately in the best interests of trade mark applicants. The IPC understands the desire of traders to obtain registration of trade marks with the maximum of ease and minimum of expense. However, the IPC believes that most traders would not be prepared to achieve this state of affairs at the cost of obtaining a trade mark with a high likelihood of turning out to be invalidly registered and thus not providing the desired rights and protection granted by the Trade Marks Act. The IPC also believes that there may be some misunderstanding among some trade mark owners about the costs of satisfying the current registrability requirements. Informed and prudent choice in trade marks can significantly reduce the time and costs in obtaining registration.

It is clearly in the best interests of the Australian business community that traders, both local and overseas, are able to have a high degree of confidence that the Australian trade marks system structure and operation is clear and certain. They must be able to clearly ascertain if they are, or are not, free to act. A system that provides certainty oils the wheels of commerce and one that does not obviously creates doubt, misapplication of resources, frustration and consequently slows the commercial system down.

Thus the IPC considers that the framework of the current trade marks system should be retained. It follows that the IPC does not support:

- (i) a move to a registration system in which there is examination solely to ensure that minimum requirements relating to formalities have been met; or
- (ii) the introduction of a two tiered registration system in which applicants can opt for a "low entry, weaker" trade mark or a "high entry, strong" trade mark.

Following the model of the innovation patent and the proposed new registered design the IPC assumes that if the option numbered (i) above was implemented, no owner would be permitted to take any steps to enforce his or her registered trade mark without submitting the trade mark for examination for compliance with at least "low entry" requirements. If this is the case, the cost of registering the trade mark will of course increase and option (i) thus offers little benefit to trade mark applicants.

While a trade mark registration system on the model of the innovation patent may initially appear cheaper and simpler, we are very concerned that it will prove both more expensive and frustrate the purposes of protection. We are very concerned that many SMEs in particular would opt for substantive examination at a later stage. If an SME does adopt this approach, however, it will find itself precluded from obtaining effective protection against an infringer. For example, the need to undergo the examination process would preclude the seeking of urgent interlocutory relief, which is often the most important step in protecting the goodwill signified by the trade mark. Also, once the examination process is triggered, there is great potential for delay through the opposition process. Equally, someone who searches the register before adopting a new trade mark will be faced with an invidious choice if a trade mark examined only for formalities is identified. He or she will have to decide whether or not to proceed with the proposed trade mark and run the risks, uncertainties and costs of a potential conflict. Enabling the searcher to trigger the substantive examination process will not be of much help either as this will entail potentially lengthy delays. In these circumstances, we consider such trade mark "owners" will become extremely frustrated and disillusioned with the trade mark system and will pay a heavy price for such an experience. A person who searches the register should be able to identify quickly and clearly what rights already exist so that they can be avoided with confidence.

A further problem with the "formalities only" examination, is that it will encourage applicants, and not only the unsophisticated ones, to think that once a mark is registered, the registrant will be free to use it and to adopt registration as a substitute for searching. (Already many enterprises use the registered business name system in the mistaken belief that it is a form of cheaper, faster trade mark protection). This could lead to disastrous results where a trader expends considerable sums of money

on printing, labelling, advertising and promoting goods or services under its registered mark, only to find that it is thwarted by a prior registration and/or prior passing off or Trade Practices Act based rights.

The IPC notes that the suggestion of a “two-tiered” system seems to be based in part on desires expressed for a “quick in, quick out” system for less important brands. It is not clear how two levels of registrability or infringement could adequately be defined. Further, it is not clear to us what rights or remedies users of such a second tier system would be entitled to expect, especially as Australian law already provides two tiers of protection: the registration system and the common law. Presumably, they expect quick registration, but would still be seeking the ability to prevent a competitor using the same, or a similar, trade mark during the currency of their own use. If owners could get such protection through a “second tier” registration, it is not clear to us what role the first, or high entry, tier would play. It is also worth noting that Australia has previously had the experience of a two tiered registration system and abandoned it with the introduction of the 1995 Trade Marks Act.

Although the IPC favours retention of the current trade marks system, the IPC believes the measures set out below would considerably enhance and improve the system. The IPC appreciates that some of the measures it recommends will entail the expenditure of additional costs by trade mark applicants and the Trade Marks Office. The IPC also appreciates that the Trade Marks Office is constrained to act in a cost effective manner. The cost of administering the registration system is clearly a relevant factor in determining the most appropriate trade marks system for Australia. However, the IPC does not consider this factor should prevail when in conflict with more compelling public interest considerations.

1.2 Presumption of Registrability

It is generally now accepted that subsection 33(1) of the *Trade Marks Act* 1995 introduces a presumption of registrability when the Trade Marks Office is examining an application for registration. Thus if the Registrar is uncertain whether there are grounds for rejecting an application, he or she must accept the application. Judicial opinion exists that the presumption of registrability does not apply to the distinctiveness requirements for registration set out in section 41 of the Trade Marks Act. The IPC does not see any justification for treating the distinctiveness requirements differently and thus recommends that the Trade Marks Act be amended to make it clear that any presumption of registrability applies to all the grounds on which the Trade Marks Office is empowered to reject an application.

The presumption of registrability represents a significant benefit to trade mark applicants over the previous position decreasing the cost and time it takes to have a trade mark accepted for registration, particularly a borderline trade mark. The IPC does not consider it is in the public interest that trade mark applicants be given any further exemption from satisfying the substantive registrability requirements set out in the Trade Marks Act. Indeed some members of the IPC do not support the introduction of the presumption of registrability.

1.3 Disclaimers

(Paragraph 4.2.2 of Issues Paper)

The IPC firmly believes that it should be mandatory to disclaim non-distinctive material from registered trade marks.

The IPC is extremely concerned at the uncertainty that surrounds the registration of many composite marks containing non-distinctive material and which have no disclaimer clearly setting out the rights of the registered owner. This is so even when the assumption is made that these composite marks are validly registered. The IPC does not consider this uncertainty benefits either the registered owner concerned or the general public. Without a disclaimer, whether a particular part of a mark is protected will generally depend on whether the part is deceptively similar to the whole of the registered trade mark. The exact scope of the test for deceptive similarity is uncertain in the light of recent Federal court decisions, and in any event the test involves considerations which are subjective in their application and thus uncertain in their outcome. The IPC considers it particularly inappropriate that these tests determine whether a trader has exclusive rights in non-distinctive parts of a composite mark or whether such non-distinctive parts are available for honest use by other traders in relation to their goods or services. Certainly, the IPC does not consider any savings in the cost of obtaining registration enjoyed by a trade mark applicant who chooses to adopt a composite mark containing non-distinctive material justifies the abolition of a mandatory disclaimer system. On the contrary, this uncertainty leads to a significant, even great, increase in costs and risks.

However, the IPC does not consider the validity of composite marks containing non-distinctive material registered since the commencement of the new *Trade Marks Act* 1995 should be subject to special post registration scrutiny. The validity of the registration of such marks and the scope of the rights granted by such registrations should be left to be determined in infringement and rectification proceedings.

1.4 Cross class searching

(Paragraph 4.2.1.c of the Issues Paper)

The IPC considers it is important that the search of the Trade Marks Office database conducted by the Trade Marks Office during examination of an application be sufficiently broad to ensure that generally all relevant prior conflicting applications and registrations are taken into account for the purposes of applying section 44 of the Trade Marks Act. The IPC appreciates that it is often difficult to determine whether goods or services are of the same description as other goods or services or are closely related to other goods or services, particularly given the lack of authoritative judicial guidance on the concept of closely related. The IPC also appreciates that the presumption of registrability will operate in favour of trade mark applicants in cases of doubt. However, the presumption of registrability does not affect the responsibility of the Trade Marks Office to consider all relevant prior applications and registrations. Thus the IPC does not support the application of generally applicable rules like those referred to in the Issues Paper, for example where it is stated that IP Australia no longer cites a goods mark against an application for a service mark to sell or export those goods and services and vice versa. The IPC considers that the classes to be searched for the purpose of section 44 should depend on the particular application in

question and that any practice rules developed by IP Australia to assist Examiners in this task be broader than those currently used by IP Australia. Some members of the IPC have suggested that concerns about administrative costs could be allayed by consideration of fee increases.

1.5 Opposition to Registration

(Paragraph 4.4 of Issues Paper)

Efficient and cost effective opposition proceedings are clearly in the interests of both trade mark applicants and opponents.

The IPC believes that the conduct of opposition proceedings could be enhanced and often the costs reduced by the measures set out below.

- (i) Greater control over the granting of extensions of time to lodge the necessary evidence.

The IPC considers that many oppositions take much longer to reach finalisation than should be the case with the consequent delay and inconvenience to at least one of the parties involved, usually the trade mark applicant. Thus the IPC supports the recommendation for appointing a Hearing Officer at the outset of each opposition to oversee timetables and keep the proceedings "on track". In cases where further direction appears to be needed, the IPC also supports the introduction of a process similar to direction hearings in the Federal Court for setting a timetable for the conduct of the proceedings. An alternative to such case management strategies would be the imposition of real sanctions for failure to meet deadlines and the awarding of real and measurable costs orders.

- (ii) Early identification of the actual grounds on which registration of the mark is opposed.

In most cases it is not possible to accurately identify all the relevant grounds of opposition at the date of lodging the Notice of Opposition, and thus the IPC would not support the introduction of a regime that would force persons to only oppose registration of a mark on a ground known to exist at this date. Nevertheless, it is clearly desirable that the actual grounds of opposition be finalised as soon as possible to avoid the parties in unnecessary cost and delay. Therefore at some point before the hearing date of an opposition, the opponent should be required to identify and limit the actual grounds on which he or she will rely upon in the opposition. Also, proper particulars should be required.

- (iii) Consideration of all grounds of opposition.

The IPC believes that an opponent should be able to rely on all relevant grounds when opposing the registration of a mark in proceedings before the Registrar including the ground that use of the mark sought to be registered would be contrary to law. The IPC does not consider it acceptable that an opponent should be forced to appeal an unfavourable decision to the Federal

court as the only means by which a ground of opposition provided by the Act can be considered. The alternative option of seeking a deferment of the opposition proceedings in order to obtain a decision of the Federal Court on the contrary to law ground of opposition is even less attractive to an opponent, potentially entailing him or her in significantly more delays and cost. The IPC appreciates that obliging Hearing Officers to make decisions on all contrary to law grounds of opposition will require such officers to be trained in new areas of law or require the Registrar to seek legal advice from other parties. Nevertheless, the IPC believes that the public interest is best served by a registration system that permits all relevant grounds of opposition to be considered in opposition proceedings before IP Australia.

(iv) Reliance on confidential material

For reasons similar to those addressed in (iii) above, the IPC considers that all material relevant to an opposition should be considered by the Hearing Officer. Thus the IPC considers that the Trade Marks Office should be empowered to adopt, and adopt, procedures similar to those of the Federal Court in relation to the lodging of confidential material by a party to the opposition proceeding. In particular, one party to the opposition should not be able to effectively prevent relevant information being considered in the opposition by the expedient of refusing to give appropriate undertakings as to confidentiality.

(v) Scale of costs

The IPC considers that there should be a more generous scale of costs for opposition proceedings that more reflects the amount of work that has been undertaken. Also the prospect of facing a significant, as opposed to a nominal, costs award would probably act as a disincentive to embark upon frivolous oppositions. The Federal Court scale would be a useful guide.

1.6 Enforcement Measures

(Paragraph 4.7.2 of Issues Paper)

There are several measures the IPC considers could be introduced to assist trade mark owners more effectively enforce their trade mark rights. It is the experience of many members of the IPC that trade mark owners are increasingly frustrated by the obstacles they encounter in taking effective action against infringers, particularly re-offending counterfeiters

Civil Action

Trade mark infringement actions are expensive to mount and even when successful often do not result in meaningful awards of damages and appear to have little deterrent effect on counterfeiters. Problems are often encountered in proceeding against counterfeiters as they can be difficult to identify and physically locate, often the sale outlets for the trade marked counterfeit goods being casual street markets. The low recovery in damages is due in part to the difficulties associated in assessing

such damages and the difficulties in establishing the extent of the infringement with many trade mark infringers not producing reliable documentation in relation to their infringing use of the registered mark.

Criminal Action

Likewise the offence provisions in the Trade Marks Act are not particularly effective in stopping the activities of counterfeiters. The police authorities often seem reluctant to bring proceedings for contravention of the offence provisions, and given the lack of injunctive remedies for contravention of the offence provisions, the bringing of a private prosecution is not an attractive option for trade mark owners. The penalties awarded for contraventions of the offence provisions usually lack any deterrent effect as even repeat counterfeiters generally are only fined and put on good behaviour bonds.

The IPC believes the following measures would assist in overcoming the problems outlined above.

- (i) Amendment of the Trade Marks Act to empower a judge to award punitive-like damages in appropriate cases in trade mark infringement actions.

The IPC believes that section 115(4) of the *Copyright Act* 1968 providing for the award of additional copyright infringement damages for flagrant infringements not only provides a precedent for the award of such punitive-like damages but also provides some assistance in the drafting of a suitable provision.

- (ii) Amending the offence provisions in the Trade Marks Act to provide a more effective remedy structure involving increased penalties and including the grant of injunctions restraining those found to have contravened the provisions from reoffending.
- (iii) Extending seizure procedures.
 - (a) Some members of the IPC believe that the cost of obtaining and executing Anton Piller orders is prohibitive for many trade mark owners, particularly if those owners are running small and medium sized businesses. These members consider that these costs could be significantly reduced if the orders could be enforced in a manner different to the current procedures involving several solicitors. These members thus recommend that consideration be given to introducing alternative means for enforcing Anton Piller orders, perhaps by involving an officer of the court.

Other members of the IPC disagree with this submission. These members are of the view that Anton Piller orders are a draconian remedy which should be used sparingly and with the current range of safeguards.

- (b) The IPC considers that trade mark owners could more effectively protect themselves against the activities of counterfeiters if the trade mark owners could ascertain the identity of overseas suppliers of counterfeit goods to Australian dealers. Thus the IPC recommends that consideration be given to amending section 16 of the *Customs Administration Act 1985* so that customs authorities can divulge the identity of the exporter of goods seized pursuant to Part 13 of the Trade Marks Act to the person who gave the seizure notice in respect of the seized goods.
- (c) Some members of the IPC consider that seizure remedies would considerably assist trade mark owners in enforcing their trade mark rights, particularly against counterfeiters operating casual outlets such as those located outside concert venues discussed in the Issues Paper. At the very least these members recommend that consideration be given to introducing provisions similar to those relating to seizure by Customs in Part 13 of the Trade Marks Act to provide for the seizure of infringing goods made in Australia. There seems to be no reason in policy or principle why seizure should only be a remedy that can be exercised at the national border as distinct from an infringer's Australian factory or warehouse.

Other members of the IPC disagree with this submission. Such members feel that such a process would be akin to an Anton Piller order summarily executed and this is not acceptable.

1.7 Association

(Paragraph 4.8.2 of Issues Paper)

The IPC agrees with ACIP's conclusion 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". In addition to the market confusions to which ACIP refers, there is a substantial danger for trade mark owners of resulting loss of rights. The IPC thus supports the reintroduction of mandatory association of marks.

PART 2: Protection of well-known and famous trade marks¹ under Australian law **– possible introduction of an Anti Dilution Remedy**

(Paragraph 4.8.3 of Issues Paper)

The IPC agrees that this is an important but complicated issue and recommends that it be the subject of substantial economic and legal research and consideration before a final decision is made on whether to implement such protection in Australia. Some members would also like

¹ This discussion does not deal with the acknowledged distinction between well-known trade marks and famous trade marks, but rather deals with both, as famous trade marks are a sub-set of well-known trade marks.

to investigate the possible extension of an anti-dilution remedy in respect of all trade marks, not just well-known or famous trade marks.

Anti-dilution remedies have been introduced or proposed in other western countries such as the United States, France, Germany and the United Kingdom. (See, for example, Article 5(2) of the European Communities First Council Directive (21 December 1988), Official Journal of the European Communities No. L40/1-11.2.89 Appendix (89/104/EEC)- and the various national laws which comply or attempt to comply with that directive).

The rationale for an anti-dilution remedy, available in various Western legal systems in respect of well-known or famous trade marks, can be described as follows.

The legal protection of trade marks is supported by economic theory. Allocative efficiency in a market system requires adequate legal protection of private property including trade marks. Trade marks are private property which are capable of generating income for those who use or misuse them. They are considered by economists, businessmen and accountants to be valuable and requiring protection by the legal system.

Because of a trade mark's income generating potential, the more well-known or famous a particular trade mark is, the more valuable it will be as an asset of the business using it and also the more vulnerable it will be to misappropriation either by counterfeiters or other traders who wish to "free ride" on the reputation of such a trade mark in order to sell their own similar or even unrelated goods or services.

Due to the co-existence of:

1. the economic importance of well-known and famous trade marks (in the context of the efficient operation of the market system); and
2. the attractiveness of misappropriating well-known or famous trade marks;

that is, the simultaneous value and vulnerability of such trade marks, it has been argued that greater legal protection is required for them.

Dilution has been identified and described (at least since the 1920s in America-see Schecter, F.I., "The Rational Basis of Trademark Protection" (1927) 40 Harvard Law Review 813) as a type of harm that a well-known or famous trade mark can suffer.

An anti-dilution remedy is usually only available in foreign jurisdictions in respect of famous or well-known trade marks and does not require any actual or possible consumer confusion.

Instead, its rationale is the protection of the famous or well-known trade mark from a loss of distinctiveness or exclusivity by the use of such trade marks by other traders on unrelated goods or services (for example use of the trade mark "Rolls Royce" not in respect of cars or transportation but rather in respect of unrelated goods or services such as swimming pools or cleaning services).

In such a situation, the trade mark's uniqueness and resultant selling power are diluted and damaged. This is because it is immediately less distinctive of or exclusive to the original user

or proprietor; one of the factors which is commonly valued (and for which a premium is paid) by purchasers.

Its use by other traders on unrelated goods or services will invariably devalue and can often cheapen the famous or well-known trade mark.

Currently, under Australian law trade marks are given protection under:

1. the *Trade Marks Act 1995* (see section 120 and see especially sub section (3) in respect of “well-known” trade marks);
2. the *Trade Practices Act 1974* (see especially sections 52 and 53); and
3. the common law action of passing off (inherited from the English system and since developed by our Australian Courts).

In Australia trade mark proprietors have no statutory or common law protection against unfair competition or against dilution of the value, reputation or distinctiveness of their trade marks by other traders.

Usually, trade marks are only recognised or registered in respect of certain specific goods or services in respect of which they are actually used by their proprietor.

In respect of goods or services not covered by the trade mark registration in question, the trade mark is given only limited protection. Under the *Trade Marks Act 1995* the definition of trade mark infringement was widened from the protection given under the *Trade Marks Act 1955* and slightly greater protection given in respect of similar goods and services than those for which registration was granted. Well-known trade marks were also given, at least in theory, greater protection from infringement.

No anti-dilution remedy was introduced under the *Trade Marks Act 1995*. In particular, section 120(3) which was intended to provide a greater level of protection for “well-known” trade marks does not provide such a remedy and has several inherent flaws which have prevented it from achieving that aim. For example, the owner of a well-known trade mark must prove a likelihood of confusion between the defendant’s goods or services and the trade mark owner and must also prove a likelihood of damage.

Defensive registration was retained in the *Trade Marks Act 1995* but continues to suffer from the same draw backs it always has, namely, to obtain defensive registration, the trade mark must have been used to such an extent in relation to the goods and services in respect of which it is already registered that a connection with other specified goods or services is likely to be assumed by consumers. Historically, a very restrictive view of defensive registrations has been taken by the Registrar of Trade Marks and hence defensive registration is rarely sought.

PART 3: Infringement and Dilution on the Internet

(Paragraph 4.8.4 of the Issues Paper)

The IPC considers this to be an important and growing issue.

At the moment, our law already provides that a person who uses his or her registered trade mark in Australia in respect of the goods or services for which it is registered does not infringe another registered trade mark.

As we understand the proposal, Australia would pass a law which would protect the Australian trade mark owner from attack in another jurisdiction. The IPC questions whether this approach should be adopted. The main issue that we foresee is that most of the situations where this arises involve the Australian trade mark owner being sued, or threatened with action, in another country. Passing a law in Australia will not stop the action in the foreign country, although it might limit enforcement of any judgment here. Protection against enforcement in Australia, however, will be of limited value only for a trade mark owner which has assets or carries on business in the foreign country. Indeed, it will not even provide protection where the trade mark owner (or an employee) is merely visiting the foreign country at some point as the experience of Dmitry Sklyarov shows.

In these circumstances, the IPC considers that it will be particularly important for the Australian government to work *actively* to ensure that other countries, particularly the USA, implement in their laws the WIPO Guidelines on Protection of Marks, and other Industrial Property Rights in Signs, on the Internet (SCT/6/2).

PART 4: Section 88(2)(c)

(Paragraph 4.8.5 of the Issues Paper)

The IPC submits that the intended operation of this section requires clarification urgently. The IPC does not think that amending the Act so that an assignee of a trade mark cannot block imports of goods marked and marketed abroad by the assignor adequately addresses the problems with the interpretation of s 88(2) exposed in the *Montana Tyre* case (1998) 41 IPR 301. The proposed amendment does not address the reason why the problem arose.

As we understand matters, s 88(2) is intended (amongst other things) to enable rectification of the register to be sought by seeking removal of a registered trade mark the use of which is likely to deceive or cause confusion. As a result of the tiered drafting style of the section, however, the courts appear to have severely limited the provision's scope.

- In *Montana Tyres*, Wilcox J considered that deception and confusion of the kind covered by s 43, but which arose after registration, was not within the scope of s 88(2)(c). At 317, his Honour thought this was because Parliament intended such objections to be taken at the application stage.
- In the *Lite White* case (1999) 45 IPR 228 at 245[73 –4], on the other hand, Bryson J considered that marks registered under the 1955 Act could never have been challenged under sections 43, 44 or 60 and so s 88(2)(c) could apply.

Wilcox J's opinion was not considered on appeal. However, in *Big Country v TGI Friday's* (2000) 48 IPR 513 at 520 – 1[39 –43], the Full Court may well have adopted a similar "tiered" interpretation of s 88(2).

It is thus very unclear what effect s 88(2)(c) has, or is intended to have. This is completely unsatisfactory as the ground of rectification for deception or confusion is, or should be, vital to the effective operation of the trade mark system. The problem appears to arise because of the drafting style – specifying separately the grounds on which an application can be rejected or opposed or a trade mark removed. The IPC submits that it would be simpler and clearer just to provide that an application may be refused or opposed, or a registration removed, on grounds specified in one place. If this course were adopted, the Registrar would not be under any additional burden to investigate matters about which he or she did not have any information (such as for example prior reputation of unregistered marks) as, if the Registrar did not have information about such a matter, he or she could not be satisfied that a ground of objection existed and it would be left to third parties to raise the matter either in opposition or rectification proceedings.

PART 5 Collective Marks

An issue which is not dealt with in the Issues Paper is the matter of the qualification for ownership of a collective trade mark. The present provisions of sections 6 and 162 appear to have the result that a collective trade 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 IPC considers the Act should be amended to permit an incorporated association to own a collective trade mark.