

**The ADVISORY COUNCIL on INTELLECTUAL PROPERTY (ACIP) :
Review of Enforcement of Trade Marks**

The ACIP issues paper has been accessed and discussed by students enrolled in the Trade Marks Law course at UTS. Contributions to a response to the issues paper were voluntary and were undertaken by some but not all students enrolled for the course. The following comments reflect the views made by those students and by the current lecturer in Trade Marks Law at the University (Trevor Stevens). The names of the students actively involved in considering and commenting on the contents of the issues paper are listed below.

2.4 A Two-Tiered Trade Mark System

We are not in favour of introducing a two-tier trade mark system.

- The introduction of a two-tier trade mark system does not remove the difficulties which already exist by virtue of 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 a complex 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 more complex?
- The discussion 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.
- Alleged benefits – i.e quick, easy and cheap – seem to us 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.

4.1.1.b: Domain Names

Australia has developed a very good domain name policy to administer the .au suffix through the administration of auDA (<http://www.auda.org.au/>). The .au suffix has been further characterised using a number of second level domains such as .com.au, .gov.au and .net.au (see <http://www.auda.org.au/register/> for a complete listing). Unlike the .com, .net and .org domains registered in the US, there are certain requirements that must be fulfilled by the registering entity before being allowed a specific domain name under

the .au domain naming system. The requirements are laid out in the auDA's policies (<http://www.auda.org.au/docs/auda-policy-rules.pdf>). In general, these requirements are that the registering entity belong to the appropriate organisation for the domain name (i.e. be a registered company for .com.au or a educational institution for .edu.au) and that the name being registered is or is closely related to the name of the registering entity. This policy has prevented many of the domain name problems that have existed in other jurisdictions. As a result, there is little Australian case law in the matter of domain names. However, the US and UK case law is more comprehensive and can be applied to potential disputes in Australia.

The following comments are made in relation to the current situation regarding domain names and trademark holders.

1. Trade Mark holders can initiate action against the holder of a domain name under the tort of passing off. Such action has been successful against cybersquatters in other jurisdictions¹ with similar law to Australia.
2. Australian law indicates that it is possible for more than one entity to use the same trade mark provided that they trade in different classes of goods. Therefore, one trader should not be able to restrict the other from using a domain name containing the trade mark or a version of the trade mark.
3. Dilution of famous or well known trade marks can be addressed under s120(3) of the Trade marks Act 1995.
4. Since a registrant of a.com.au domain name must show that the proposed domain name is in some way related to the registrant² the action of cybersquatting is much more difficult than seen with the .com, .org and .net domain suffixes. Should a registrant

¹ *British Telecom v. One in a Million* 42_IPR_289, *Telstra Corp Ltd v Nuclear Marshmallows* Unreported D2000-0003

² Requirements for registering a .com.au domain name from auDA (<http://www.auda.org.au/docs/auda-policy-rules.pdf>)

Domain names in the com.au 2LD must:

- (a) exactly match:
 - (i) the registrant's company, business, trading, association or statutory body name; or
 - (ii) the words comprising the registrant's Australian Registered Trade Mark or application for an Australian Registered Trade Mark; or
- (b) be an acronym or abbreviation of 2a)(i) or (ii); or
- (c) be otherwise closely and substantially connected to the registrant, because the domain name refers to:
 - (i) a product that the registrant manufactures or sells; or
 - (ii) a service that the registrant provides; or
 - (iii) an event that the registrant organises or sponsors; or
 - (iv) an activity that the registrant facilitates, teaches or trains; or
 - (v) a venue that the registrant operates; or
 - (vi) a profession that the registrant's employees practise.

succeed in obtaining a .com.au name containing they would then fall under the tort of passing off and the Trade Marks Act 1995.

Strengthening of trade mark laws and introducing of *sue generis* can lead to reverse domain name hijacking³, where an entity desiring a domain name, uses the available legislation and DRP to deprive a registered domain-name holder of a domain name that they rightfully hold⁴.

While the current system of domain dispute resolution process (DRP) is vague and inadequate⁵, auDA will soon introduce a new policy (the auDRP) that is based on the ICAAN Uniform DRP (<http://www.auda.org.au/docs/auda-audrp-final.html>). This policy was developed after careful analysis of the problems that have been encountered with the UDRP and has been changed to alleviate them.

It would therefore seem that the current level of protection is sufficient to protect rightful trade mark holders from infringement through the use of domain names. Further, strengthening of the laws might lead to reverse domain name hijacking.

4.1.1.c Plant Breeders' rights

The Issue

Plant variety name owners should be prevented from obtaining trade mark protection for the same name.

Currently, both the PBRA and the Trade Marks Act (1995) (TMA) prohibit a plant breeder from applying for a plant variety name (PVN) that is already registered as a Trade Mark (TM), or for a TM that is already registered as a PVN. However, both pieces of legislation are silent on the issue of what happens in the event that a plant breeder applies simultaneously for a TM and a PVN.

Clearly, the legislators intended to prohibit plant breeders from holding both a TM and a PVN simultaneously, but this was not stated explicitly in either piece of legislation and therefore this has created a legislative loophole to be exploited by plant breeders. Moreover, the means of detecting an identical name that has been registered as a TM and as a PVN is currently very remote. This undermines the very spirit of the legislation and creates confusion as to the proper use of Trade Marks (TM). The long-term improper use of TM will eventually erode their effectiveness as a means of IP protection.

³ Rhein, Eberhard "Reverse Domain Name Hijacking: Analysis and Suggestions" [2001] 23(12) EIPR 557

⁴ *Prince Plc v Prince Sports Group Inc* 39 IPR 225

⁵ Gunning, Patrick "Trade Marks and Domain Names" [2000] CyberLRes 1 at section 9

I have recommended five areas of amendment to the TMA and three areas of amendment to the PBRA, although there is further amendment that is also required for interplay between the TMA, the PBRA and the Patents Act 1990.

Proposed TMA amendments

- (1) Amend the notes applicable under the TMA s41(6): Under note 1 (a) a PVN could be added to the list of “kind, quality, quantity, intended purpose, value, geographical origin, or some other characteristic, of goods or services”
- (2) Amend TMA s43: On renewal of the TM check if a similar name is registered under the PBRA. Placing a renewal clause under s43 of the TMA could ensure this detection takes place.

The effect of s43 is limited to “the application for the registration of a trade mark” and should be extended to “renewal of the TM” since the loop-hole that is currently exploited allows the registration of a TM followed by, years later, the application of a plant breeders right. This renders s43 ineffective.

To amend this ineffectiveness the inclusion of “or renewal” into s43 of the TMA would stop the indefinite renewal of dubious claims to TMs that are confusing or deceptive to other forms of intellectual property.

The amended s 43 should read:

*An application for the registration **or renewal** of a TM in respect of particular goods or services must be rejected if, because of some connotation that the TM or a sign contained in the TM has, the use of the TM in relation to those goods or services would be likely to deceive or cause confusion.*

- (3) Add a regulation providing an exclusion under all circumstances for registration of a TM and PVN which are one and the same.
- (4) Restrict TM use under the TMA classification 31 to allow only a single name per genus.
- (5) Legislate for the requirement that compels a practice similar to that of the *Trade Mark Office* under the TMA 1955, which was that all applicants had to sign an endorsement that was entered on the register in respect of the registration of a TM applied for in Class 31. This endorsement covered plants and stated: “It is a condition of registration that the words [] will not be used as a name or part of a name, of a plant variety.

This practice was removed⁶ on the supposition that a TM that is used as a PVN becomes a generic designation for that plant variety and will be removed under s24, s87& s88 of the TMA 1995. This is based on the Trade Mark consisting of sign that becomes accepted as sign describing article. Counter to this is that to establish that the TM has become a sign, this must be determined by the Court. No Australian case has successfully established this for a PVN. In contrast there are cases occurring and currently being sought where both the TM and PVN co-exist in application.

To reintroduce the endorsement that existed under the TMA (1955) would help clarify the obligations under the law and to bring the issues of compliance to the notice of the applicant.

PBRA amendments

- (1) Register all PVN applications on to the PBR registry so any application of a TM can detect a PVN application.
- (2) Actively police any PVN application against the TM registry to meet the PBRA s27(5)e requirement.
- (3) Place in offence provisions that will limit opportunistic use of identical PVNs with TMs.

Conclusion

The TMA requires amendment to protect against the misappropriation of IP rights. This is especially important when dual protection is provided with the TMA and other Acts such as the PBRA.

This amendment is to allow the law and practice to merge, and when practice strays, a means needs to be in place to capture this divergence. One appropriate means is to amend s43 of the TMA to include “renewal” of a TM, and not just police at the stage of registration of a TM.

The absence of litigation on these matters does not indicate that the abuse of the IP is not been attempted – this is the observation in our commercial Patent and Trade Mark practice.

ANNEXURE I discusses this issue more fully.

4.1.1.3: Geographical Indications

⁶ Official Notices Plant varietal name endorsements Trade Marks Act 1995 *Australian Official Journal of Trade Marks* 12 November 1998

There are many unforeseen issues resulting from the implementation of the Wine Treaty⁷ between the EU and Australia (the treaty), the Australia Wine and Brandy Corporation Act 1980⁸ (Wine Act) and intellectual property (IP) rights of existing trade mark owners. As a consequence of the implementation of Treaty and Wine Act, questions arise as to whether the existing IP rights of trade mark owners are now suitably protected by IP Australia and the courts. Many issues have surfaced, one of which is the use of pre-existing trade marks and the subsequent registration⁹ of Geographical Indication (GI) regions.

For example, the City of Adelaide is now registered as a GI for wine. Therefore under the Wine Act, any new registered marks with the name Adelaide must be so on the condition that the wines were made from grapes grown in said region.

In the recent case against trade mark owners Southcorp, the mark 'Queen Adelaide Regency', a variation of the long registered mark 'Queen Adelaide' was found unregistrable as "a registered GI if the use of a trade mark is sufficient to breach s40D, causing the application to be unlawful and therefore unregistrable."¹⁰ As no wine is grown in the City of Adelaide, the use of the registered GI constitutes misrepresentation. In the decision, it was stated "This was an outcome that makes no sense in practice, but one which the Trade Mark Office felt it was obliged to come to based on the specific wording of the legislation."¹¹

Incidentally, aside from the Adelaide Hills, which is some 20kms outside of the City, there are no wine districts in the City of Adelaide. The question begs, why was this City registered given the absence of a wine district and should it be removed or redefined as the Adelaide Hills wine district in light of the negative impact on longstanding trade mark owners?

Unfortunately, this is not an isolated case, with another longstanding, well-known mark "Great Western" currently under dispute. The Great Western region and its' corresponding mark have co-existed for over a century. However, if the region is so registered, the mark owner will be forced to cease using it as most of the grapes used to make the trade marked products are not grown within the proposed region¹², hence suffering the same fate as the Queen Adelaide mark owners.

⁷ Australian Treaty Series 1994 No 6 : Agreement between Australia and the European Community of Trade in Wine and Protocol, AGPS, 1995

⁸ Australia Wine and Brandy Corporation Amendment Act 1993

⁹ Governmental Geographical Indications Committee

¹⁰ Re Application by Southcorp Wines Pty Ltd (2000) 50 IPR 655

¹¹ The Wine Act states in relation to registered regions and names that "use of a GI in advertising must indicate only that the grapes have come from that named region".

¹² Drinkwater & Stern, Recent Developments in the Protection of Geographical Indications in Australia, AIDV/IWLA Bulletin No 26, June 2001

Still other example is the registration of the large region or zone of "Port Phillip". In this zone, a wine producer in the Port Phillip area had long used the mark "Port Phillip Estate". Following zone registration, another wine producer in that zone had described his wines as emanating from the zones of "Port Phillip" wines. The trade mark owner sought legal action to prevent his use of the GI as a descriptor for his competing product, his own mark. However, as the matter settled out of court the issue is still to be addressed by the courts or amended legislation.¹³ Hence, through dilution, there is a loss of trade mark distinctiveness if a GI is incorporated in it and the GI is subsequently registered.¹⁴

4.1.3 Proprietorship

No comments were provided in response to the invitation by ACIP nor were any instances reported of threats in such situations resulting in any trade mark owners forced into accommodating the rights of another person.

In passing it was observed that the current situation is adequate subject to the comments made below under 4.4.3.

If a trade mark application is made and the subject matter of that application includes or comprises copyright material, the trade mark applicant should take whatever action may be appropriate to ensure that he or she is the owner of such copyright. The current requirements specified under Section 27(1) are, in our opinion, sufficient – that is, it is up to the applicant to properly substantiate his or her claim to ownership at the date of application.

4.2 Examination and Registration

There can be little doubt 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". That being said, we have the following comments:

¹³ Drinkwater & Stern, Recent Developments in the Protection of Geographical Indications in Australia, AIDV/IWLA Bulletin No 26, June 2001.

¹⁴ Will Taylor, Our Regime for the Protection of Geographical Indications and Traditional Expressions; Some Practical Consequences, Challenger Beston Wine Industry Financial Symposium, 12 October 2000 (<http://216.33.236.250/cgi-bin/getmsg/OurRegimefortheProtectionofGeographicalIndicationsandTraditionalExpressionsSomePracticalConsequences>)

- (i) No matter what steps are taken to achieve this objective, there will always be some degree of inconsistency and unpredictability during examination. Even the judges of the Federal Court and/or the High Court, over the years, have exhibited levels of inconsistency and unpredictability. Comparative with Trade Marks Offices in other jurisdictions, the Australian Trade Marks Office achieves high standards during examination.
- (ii) Some improvement may be possible through additional training programmes for examiners which focus on the need for office consistency and predictability.
- (iii) It might be possible to contribute to such programmes by arranging "exchange" programmes for examiners to spend short periods of time (say 3 or 4 weeks) with private firms or in-house with corporations.

All in all, we do not perceive that the examination issues are of major concern.

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

We consider that the structure of Section 41 is adequate for dealing with "new signs" but that the Office has unnecessarily complicated what is already a complex issue in its practices relating to those trade marks at examination and at Hearings. This is reflected in the following, ie:

- (1) The apparent threshold inquiry (referred to in the discussion paper) made by the Office as to whether the "new signs" are marks per se.
- (2) Introducing into its practices 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 critical approach to the evidence tendered (especially for purposes of Section 41(6)) as illustrated in the OREGON decision.
- (4) 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.

It seems to us that the Office should review its practices in relation to new signs, such review being focussed on a practical appreciation of business requirements and expectations.

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 more 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 significant 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 – I 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".
- 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.
- **GROUNDS 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:** In my opinion 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 Where use of marks would be contrary to law

In applying Section 44 in WOOLWORTHS (45 IPR 411 at pg. 423) French, J. made the following statement:

"The mandatory language of s 33 and the legislative policy which informs it also suggests that the acceptance stage is not the time for the kind of detailed adversarial examination of the application that might emerge from a contested opposition. ... Unless the registrar thinks that the proposed trade mark is likely to deceive or to cause confusion then all other things being equal, the application must be accepted."

It seems to us that a similar approach could be applied in relation to Section 42 of the Trade Marks Act. That is, at examination, unless an Examiner is satisfied that the mark sought to be registered is clearly likely to deceive or cause confusion in the context envisaged under Section 42 – for example, under the Australian Wine and Brandy Corporation Act, 1980 – no objection that the mark is contrary to law should be raised.

We agree with the opinion expressed by Madgwick, J. in *Advantage-Rent-A-Car Inc. v. Advantage Car Rentals Pty Ltd* 52 IPR 24 at p. 31:

"... (I)n my opinion the fact that the existence of any contrariety to law is to be exercised in some circumstances by an administrative body and, in other circumstances, by a judicial body does not mean that the phrase 'if its use would be contrary

to law' should have an ambulatory meaning, depending upon what kind of tribunal is to apply it. Nor can any reticence on the part of an administrative decision-maker to express an opinion on a matter of law be encouraged. The idea that 'contrary to law' in the context of judicial proceedings means contrary to *all* laws, whilst in the context of proceedings before the Registrar it means contrary to laws which are easy for the Registrar to determine or which are 'clear cut', is not sustainable. As a matter of practice, delegates of the Registrar have in some cases determined that a trade mark submitted for registration is contrary to law as a result of its being in breach of other legislation: see *Re Application by Slaney* (1985) 6 IPR 307 at 309 where a trade mark was found to be in breach of the *Health Legislation Amendment Act 1983* (Cth) and *Re Application by Athol Thomas Kelly* (1987) 8 IPR 667 at 672 where it was found that the trade mark would infringe the *Advance Australia Logo Act 1984* (Cth). I see no reason why some legislation should be able to be relied on before the Registrar to establish contrariety to law and other legislation such as the *Copyright Act*, albeit more complex, should not. Further, it is well-settled that a power granted to the Registrar and to a court can be at once administrative and judicial depending on who was exercising the power. The High Court so held in *R v Quinn: Ex parte Consolidated Foods Corporation* (1977) 138 CLR 1, of a power to remove a trade mark from the Register."

In particular, the following further comments made by Madgwick, J. are pertinent:

- (i) The Registrar has the comfort that the criterion is that the use "would" not "could" be contrary to law. In other words, what is required (according to the judge) is that the Registrar form a view as to whether the use of a trade mark would be contrary to law i.e. that the Registrar express an opinion.
- (ii) There is no reason why the Registrar could not seek legal advice before forming his/her opinion.

[At paragraph 28 of the decision.]

4.6 PROOF OF USE

Should proof of use be required when a registration is renewed?

- When proving use what actually constitutes "use" and how does a trade mark owner provide proof of use in situations other than invoices. Is stationery (letterhead, business cards, etc) "use"?

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

- Cumbersome to implement. More red-tape, more complexity, more costs to trade mark owners.
- Would proof of use be required for all items covered by a registered trade mark or only some and, if only some, why should such very limited proof of use sustain a much broader range of goods or services?
- In any event the non-use provisions under the Trade Marks Act are relatively straightforward and easily accessible.

In summary there seem to be many disadvantages to proof of use at renewal. For that reason I consider that this proposal should not be introduced into the trade mark renewal system.

4.7 Rights and obligations of a trade mark owner

4.7.1 Non-use provisions

We consider that the present 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 do we think that "frivolous challenges" are a serious concern. We also believe that the existing procedure for initiating proceedings is working satisfactorily – in other words we do not think that any changes should be introduced in relation to the very basic content of the initiating Statutory Declaration filed by an applicant seeking removal of a trade mark.

We recommend 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: In only very 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.

4.8 Other Issues

4.8.1 **Prior Use Rights**

Without rejecting that situations of bona fide trade mark applicants confronted by a prior user do occur, there are two aspects of the issue

outlined in the discussion paper which are questionable. Firstly, the discussion paper states that situations of bona fide trade mark applicants being confronted by prior use rights "occur frequently in Australia". No statistics or other evidence of the frequency of such situations are provided. Even so, it seems to us that whilst such situations do occur from time to time those situations cannot be categorised as being frequent. Secondly, it is difficult to accept that a bona fide trade mark applicant undertaking "extensive searches" of "other material" would have failed to encounter another product within precisely the same market which had already established an "excellent reputation".

There will always be a certain number of "hard luck" stories. The Trade Marks Act cannot provide solutions for every disputed claim to ownership. Prior use is a basis for ownership of a trade mark in Australia. Information published by the Trade Marks Office clearly refers to situations of prior use and should serve to alert applicants for trade marks that claims to trade marks might be challenged by a prior user.

As a general proposition we do not accept that the Trade Marks Act should incorporate protection for a bona fide applicant faced by claims by a prior user.

A particular aspect of this proposal which appears to pose difficulties is the determination of what constitutes a "bona fide" applicant. There are degrees of good faith. Also, there will be situations where the good faith of an applicant might be more superficial than real, thereby prejudicing a genuine prior user – a user who is very often a small enterprise but which has potential to develop.

4.8.2 Association

It is now several years since the association of trade marks under the previous Trade Marks Act was abolished. The present discussion paper refers to the risks of market confusion where deceptively similar trade marks might be owned by different trade mark owners. It is unclear from the paper whether actual instances of confusion based on the assignment of closely similar trade marks have occurred since 1996. It is difficult to accept that any purchaser of a trade mark, having paid good money to acquire the trade mark, would not exercise some care in looking into the property being purchased. This is especially so given the ease and minimum costs involved in making the necessary check of the Trade Marks Office records.

In any event, the volume of trade marks now proceeding to registration in Australia is such that situations will inevitably occur where closely similar trade marks previously registered for discrete and/or different goods become much more closely aligned as the businesses of the respective owners expand and diversify. For example, the trade mark ROVER was originally registered for lawn mowers by one party and for

motor vehicles by another party. Both traders inevitably have merchandised their trade marks on clothing and other goods - not to mention the development of lawn mowers into motorised equipment clearly within the category of motor vehicles. These are not uncommon issues which affect many trade mark owners in Australia and elsewhere.

There are various mechanisms for addressing situations involving deceptively similar trade marks both under the Trade Marks Act and outside the Trade Marks Act. Any re-introduction of association requirements under the Trade Marks Act will not remove the problem. Even worse, the re-introduction of association requirements will create more delays and more costs. For all these reasons, it is our view that Australia should not re-introduce a mandatory association of deceptively similar trade marks.

4.8.3 Well known marks/dilution

[to be submitted]

4.8.4. Infringement and dilution on the Internet

[to be submitted]

Contributions by:	Kymerley Vickery	Joseph Kwok
	Connie Karathomas	Alison Laurie
	Anna Wood	Colin Cheung
	Jennifer Driver	Andreas Hartmann
	Andrew Jones	Victoria Garcia
	Dessislava Hristova	Kingsley Oteng
	Jennifer Brown	Michiyo Matsuda
	Michael Bates	
	Trevor Stevens (Lecturer)	

University of Technology, Sydney
Trade Mark Law Course
May, 2002

ANNEXURE I

The Issue

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

Under the Plant Breeder's Rights Act (1994) (PBRA), a plant breeder can obtain protection for a plant variety name (PVN). Currently, both the PBRA and the Trade Marks Act (1995) (TMA) prohibit a plant breeder from applying for a PVN that is already registered as a Trade Mark (TM), or for a TM that is already registered as a PVN. However, both pieces of legislation are silent on the issue of what happens in the event that a plant breeder applies simultaneously for a TM and a PVN.

Clearly, the legislators intended to prohibit plant breeders from holding both a TM and a PVN simultaneously, but this was not stated explicitly in either piece of legislation and therefore this has created a legislative loophole to be exploited by plant breeders. Moreover, the means of detecting an identical name that has been registered as a TM and as a PVN is currently very remote. This undermines the very spirit of the legislation and creates confusion as to the proper use of Trade Marks (TM). The long-term improper use of TM will eventually erode their effectiveness as a means of IP protection.

I have recommended five areas of amendment to the TMA and three areas of amendment to the PBRA, although there is further amendment that is also required for interplay between the TMA, the PBRA and the Patents Act 1990, which is discussed in the annexure 1.

Why a Plant Breeder would seek a Trade Mark

Under the PBRA the name protection obtained is not considered strong and thus plant breeders often seek the added protection of a TM. However, there are a number of other reasons that plant breeders seek the combination of a TM & PVN:

1) Protection of Market Share

Plant breeders perceive that it is in their interest to hold both a TM and a PVN for a particular plant variety, since it prevents a competitor from quickly registering an identical TM to the plant breeders PVN that has taken years to get registered.

This registering of both a TM and a PVN, in turn, protects against potential loss of market share, without requiring expensive legal resources to amend after the loss has occurred.

2) TM protection can be renewed in perpetuity

The plant breeder that registers both a TM and a PVN may be able to get intellectual property rights in perpetuity if not challenged on the legitimacy of such a pursuit.

The monopoly gained under the PBRA is an exclusive right in the registered variety. Plant Breeders Rights (PBR) begin on date of grant, and endure (s22) for:

- 25 years for trees and vines, and
- 20 years for all other varieties.

This monopoly is continued, in effect, by the continuous renewal of the TM of the same name – therefore, establishing an endless intellectual property right that to the non-informed consumer appears to be a valuable commodity.

This valuable commodity does not enable the consumer to discern the difference between the Plant Varietal Name (PVN) and the Trade Mark (TM).

The damage resulting from this confusion is the damage to the reputation of the property of TM and the dilution of the unique importance of TMs. Further, the confusion of the arenas of the intellectual property can white ant the importance of intellectual property as a whole.

3) TM is the most cost effective option

Due to the cost and the lack of enforcement when using the PBRA, plant breeders may be tending to register a TM and not bothering with the PBRA since the motivations are more about commercialization and market leverage than having true intellectual property (IP) rights that can be defended in a Court.

This problem with the dual registration of a TM and a PVN is not unique to Australia – there is reference to this problem in several jurisdictions such as in the United States of America.¹⁵

A plant variety name can be in conjunction with a registered TM

It is possible to use a TM in conjunction with a variety name, with the variety name having equal prominence. However, the International Trademark Association (“INTA”) contends that the use of registered trademarks alongside the varietal name implies that the mark is synonymous with the varietal name, which is not the case. “The result is a misuse of trademarks, creating an unacceptable risk that marks so used will become generic. In addition, such a description is likely to result in dilution of marks. The rights and reputation of a trademark owner are also at risk due to uncontrolled use of the marks, which is, in fact, promoted by the Standard.”

The PVN must be granted if requirements are met

The conditions of grant of a PVN are that if the requirements as set out in s44(1) of PBRA are met by an applicant, the applicant’s right to the variety must be granted.

Under s27(5)(e) a plant variety must not be or include a TM that is registered, or whose registration is being sought, under the *TM Act 1955*, in respect of live plants, plant cells and plant tissues.

While the PBRA prohibits the use of a TM as a PVN, the legislation is toothless, because of:

- the lack of policing TM when a PVN is being registered; and
- the onus being on the applicant to prove the case.
- The practice of changing a plant variety name after the TM is granted.

¹⁵ a) Patents & Trade Marks (1997) Edited by Benton S. Duffett, Jr., Burns Doane Swecker & Mathis, L.L.P., Alexandria, VA. Publication by the National Association of Plant Owners.

b) Avent, Tony (1999) The Trademark Myth (When is a Name Not a Name) reprinted from

NM Pro Magazine 1999 at <http://www.plantdelights.com/Tony/trademark.html>

The last point is based on if a PVN application that is found to have a TM already in place then the applicant can change the variety's name (denomination) if the circumstances are to correct an obvious mistake or where the name breaches legislation such as s27(5)(e) cited above.

The issue of which intellectual property right to seek first is a matter of:

- 1) detection,
- 2) amendment, &
- 3) offence provision impact.

Detection

The chance of detecting a TM with the same name when registering the plant varietal name is remote¹⁶ (as opposed to registering a TM after the registration of the plant varietal name where IP Australia invariably checks the Plant Varietal Names register).

Since registration under the PBRA takes in the order of years it is difficult to maintain any temporal link that may lead to detection of an application for a TM that is identical to a PVN. In the unlikely circumstance that a PVN is detected as the same as a TM, then the TM can either be amended or argued to include a family of plant varietal names.

Moreover, according to the *International Cultivar Registration Authorities (ICRA)* "a single plant is not a cultivar: a cultivar is a group of individual plants which collectively is distinct from any other, which is uniform in its overall appearance and which remains stable in its attributes."¹⁷ Thus the use of a TM in the case of cultivars is substantiated if discerning the trade source.

Timing Issues

The time period between registration of a TM and a PVN maybe up to 3½ years for a local cultivar and or up to 9½ years for a foreign plant after the TM has been registered.

The reasons for such significant time delays are due to the Grace Periods under s43(6) of the PBRA where a breeder can sell, without loss of novelty, propagating or harvested material of the variety:

- in Australia not earlier than 1 year prior to filing, or
- overseas not earlier than 4 years, or in the case for trees or vines, not earlier than 6 years before filing.

Added to these periods is a further 2½ years it currently takes to register a PVN under the PBRA.¹⁸

Section 39 of the PBRA provides provisional protection that has effect from the date on which the application is accepted under s30 until the PVN is registered. As a result of this provisional protection, an applicant for PVN is taken as the grantee of rights,

¹⁶ Department of Agriculture Fisheries and Forestry do not police the TM registry.

¹⁷ International Cultivar Registration Authorities (ICRAs) - <http://www.ishs.org/sci/icraname.htm>

¹⁸ Department of Agriculture Fisheries and Forestry - Australia <http://www.affa.gov.au/content/output.cfm?ObjectID=E7FE49-6B43-41DC-B39C6C04029C33EF>

including rights to protect the proposed name or names, once the application has been accepted and entered on the database used to maintain the Register of Plant Varieties.

The acceptance of an application filed under the PBRA means that it meets formal requirements (s26) and there is a *prima facie* case for treating the variety as a distinct variety (s30). Once an application has been accepted it is open to objection under s 35 of the PBRA by another person who considers his or her commercial interests would be affected by its grant.

Legislative loophole - timing a TM & PVN registration that avoids detection

A grant of a PVN can be up to 9 ½ years after the initial PVN was sought. Only when granted will a PVN be placed upon the PBR register.

If directly after applying for a PVN – but before grant of the PVN – an identical TM name is applied for, then the limitation posed by PBRA s27(5)(e) does not apply. The application for the TM can be examined within six months. Such a TM examination includes checking the PBR register that only granted PVN will appear. Therefore, in all likelihood the previous application for the PVN will not yet be detected on the register.

There may be objection raised against the TM application such as:

- the TM lacks distinction s41;
- the TM is contrary to law (PBRA) s42; or
- the TM is intended to cause confusion s43.

Although, these are unlikely to be raised at this stage since the intention of the applicant may not yet be clear. Once the TM is granted there may not be the impetus or call to return the TM to check against the plant breeders registry in approximately 10 years time (if a foreign application). Therefore, the TM application will be granted. Now the only means of removing the TM from the TM registry is if the TM becomes generic term for the product or a revocation action takes place. This must be decided by the Court and is a very onerous task for which to date in Australia such a case is unknown. This is partly due to the requirement of widespread improper use of the TM to cause it to lose its exclusive association with a single source and become free for use by all, for which in the area of PVN is an unlikely scenario. Nevertheless, one day a case may come to Court in this age of multimillion dollar genetically modified cultivars.

Offence provisions

The PVN is the second IP right to be granted, if the PVN is granted after the TM has been successfully registered. It is the area that may produce infringement against pre-existing rights as granted under the TMA. Thus, the offence provisions should be housed in the PBRA to capture the misuses of these IP rights.

Under s54 of the PBRA the actions for infringement are listed. They may start in the Court, where if it is found that facts existed that would have resulted in the refusal of the grant of PVN if they had been known before the grant of that

right - such as a TM of the same name as a PVN - then the Court may make an order revoking that PVN.

This form of offence provision promotes circumvention of IP legislative objectives and possible illegitimate speculative registrations to maximise IP rights, since the illegitimate claim on a PVN combined with a TM results in the revocation of the PVN, as the worst-case scenario.

There are defences available and, as mentioned earlier, the PVN can be amended. Thus, the means for the law to keep practice complying with legislative requirements is truly toothless.

A generic PVN & a non-generic TM that are identical

The registration of a new plant variety under the PBRA provides that the PVN becomes generic, as established by the English case of *Wheatcroft Bros Ltd's TMs* (1954)¹⁹. This issue has not yet been tried in Australian Courts. Moreover, the detection, proof and enforcement against an alleged generic TM is onerous. The enforcement is via the Courts for which the evidential burden to prove that the TM was not used as a source of origin is onerous and costly, and would unlikely to proceed to such a stage due to the number of exit options available to a plant breeder placed such a position:

Problem with waiting until the mark becomes generic after registration

Where a mark becomes generic after registration it is covered under s24 of the TMA, the TM owner effectively loses any exclusive rights to use, or authorise other persons to use, the TM in relation to:

- (i) the article or substance or other goods of the same description; or
- (ii) the service or other services of the same description; and
- (b) is taken to have ceased to have those exclusive rights from and including the day determined by the court.

The problem with this scenario is the onus is on the party who objects to the use of the TM and who also must supply proof of such activity. If, and by the time this occurs, the outcome can be via the PBRA where the Plant Breeder changes the PVN. This is not worthwhile for any party to take such an issue to Court. A defence of the use of a TM with the same name as a PVN is that a TM is an indication of a trade source. Thus, a TM can be used on one plant variety with the intention of use on any number of different plant varieties so as to limit any confusion that may result.

In certain circumstances, a TM that has lost distinctiveness may also offend TMA s41, although due to the history of using the TM under s41(5)(ii) & (iii) where the Registrar finds that the TM is to some extent inherently adapted to distinguish the designated goods

- (ii) the use, or intended use, of the TM by the applicant;
 - (iii) any other circumstances;
- the TM does or will distinguish the designated goods or services as being those of the applicant.

¹⁹ *Wheatcroft Bros Ltd's TMs* (1954) 71 RPC 43

Likewise, if a TM consists of the name of a new plant variety registered under the PBRA, use of the registered plant varietal name may infringe the Plant Breeder's Rights. In that case, use of the proposed TM will be contrary to law and a further ground for rejection will exist under paragraph 42(b) of the TMA. Although, once again this is dependent on the TMO investigating the similarity between the TM and the PVN after the registration of the TM and PVN.

Areas of legislation amendment

Proposed TMA amendments

1) Amend the notes applicable under the TMA s41(6): Under note 1 (a) a PVN could be added to the list of “kind, quality, quantity, intended purpose, value, geographical origin, or some other characteristic, of goods or services”

2) Amend TMA s43: On renewal of the TM check if a similar name is registered under the PBRA. Placing a renewal clause under s43 of the TMA could ensure this detection takes place.

The effect of s43 is limited to “the application for the registration of a trade mark” and should be extended to “renewal of the TM” since the loop-hole that is currently exploited allows the registration of a TM followed by, years later, the application of a plant breeders right. This renders s43 ineffective.

To amend this ineffectiveness the inclusion of “or renewal” into s43 of the TMA would stop the indefinite renewal of dubious claims to TMs that are confusing or deceptive to other forms of intellectual property.

The amended s 43 should read:

An application for the registration or renewal of a TM in respect of particular goods or services must be rejected if, because of some connotation that the TM or a sign contained in the TM has, the use of the TM in relation to those goods or services would be likely to deceive or cause confusion.

3) Add a regulation providing an exclusion under all circumstances for registration of a TM and PVN which are one and the same.

4) Restrict TM use under the TMA classification 31 to allow only a single name per genus.

5) Legislate for the requirement that compels a practice similar to that of the *Trade Mark Office* under the TMA 1955, which was that all applicants had to sign an endorsement that was entered on the register in respect of the registration of a TM applied for in Class 31. This endorsement covered plants and stated: “It is a condition of registration that the words [] will not be used as a name or part of a name, of a plant variety.

This practice was removed²⁰ on the supposition that a TM that is used as a PVN becomes a generic designation for that plant variety and will be removed under s24,

²⁰ Official Notices Plant varietal name endorsements Trade Marks Act 1995 *Australian Official Journal of Trade Marks* 12 November 1998.

s87& s88 of the TMA 1995. This is based on the Trade Mark consisting of sign that becomes accepted as sign describing article. Counter to this is that to establish that the TM has become a sign, this must be determined by the Court. No Australian case has successfully established this for a PVN. In contrast there are cases occurring and currently being sought where both the TM and PVN co-exist in application.

To reintroduce the endorsement that existed under the TMA (1955) would help clarify the obligations under the law and to bring the issues of compliance to the notice of the applicant.

PBRA amendments

- 1) Register all PVN applications on to the PBR registry so any application of a TM can detect a PVN application.
- 2) Actively police any PVN application against the TM registry to meet the PBRA s27(5)e requirement.
- 3) Place in offence provisions that will limit opportunistic use of identical PVNs with TMs.

Conclusion

The TMA requires amendment to protect against the misappropriation of IP rights. This is especially important when dual protection is provided with the TMA and other Acts such as the PBRA (or the Patents Act 1990 as discussed below).

This amendment is to allow the law and practice to merge, and when practice strays, a means needs to be in place to capture this divergence. One appropriate means is to amend s43 of the TMA to include “renewal” of a TM, and not just police at the stage of registration of a TM.

The absence of litigation on these matters does not indicate that the abuse of the IP is not been attempted – this is the observation in our commercial Patent and Trade Mark practice.

Moreover, if such legislation is legislatively enforced between TMA & the PBRA, it should also be reflected with respect to the Patents Act 1990.

Annexure 1: Patenting Plants

A plant variety can be protected under both the Australian Patents Act 1990 and Australian Plant Breeder's Rights Act 1994 as highlighted in the publication of Australian Patent Office of November 1998 "Australian Patents for Plants".

Patentable subject matter includes:

- New plant varieties;
- Plant components such as genes or chromosomes;
- Plant reproductive material such as seeds, cells, cutting etcetera;
- Products from plants such as fruit, flowers, oil and so on;
- Plant materials used in industrial processes such as plant tissue culture, mutagenesis, breeding and cultivation methods.

What protection does the Plant Breeders Rights Act give over a patent?

The Plant Breeders Rights Act 1994 (PBRA) s11 and s48 generally give very similar rights to those granted under the s13 of the Patents Act 1990 – that is that the granted applicant has the right to exploit the cultivar for a limited period of time – that is 20 years for a standard patent & up to 25 years for a plant breeders right.

One main difference between the Patents Act and the PBRA is that under the PBRA you register the monopoly of both the cultivar and the name chosen for the cultivar. Under the Patents Act you do not patent a name with the cultivar although you still gain protection for the cultivar. Likewise, actions exist for misuse of the name of the patented cultivar such as common law passing off and legislative actions.

Further, the costs and time period to pursue a PVN, in contrast to a patent, is onerous considering a qualified expert must follow the stages of the plants lifecycle before establishing it is of a stable variety.

TM prejudicial use in conjunction PVN compared to a patent

Interestingly, if the TM becomes generic there is possible relief for a patent, although the same does not exist for a PVN:

Under TMA 1995 s87(2) If section 24 or 25 applies in relation to the trade mark because the trade mark contains a sign that:

(a) has become generally accepted within the relevant trade as the sign that describes or is the name of an article, substance or service; or

(b) describes or is the name of:

(i) an article or substance that was **formerly exploited under a patent**; or

(ii) a service that was formerly provided as a **patented process**;

the court may decide not to make an order under subsection (1) and allow the trade mark to remain on the Register in respect of:

(c) the article or substance or goods of the same description; or

(d) the service or services of the same description;

subject to any condition or limitation that the court may impose.

Therefore, the rights under the PBR are diluted in conjunction with TM registration and potentially protected where a TM and a patent are concerned.

Curiously, there is no loss of patent rights if a TM is registered as identical to the patented invention since there is no conflict between applying for both areas of intellectual property protection.

ADVISORY COUNCIL ON INTELLECTUAL PROPERTY
REVIEW OF ENFORCEMENT OF TRADE MARKS
ISSUES PAPER
February 2002

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.