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Australian Government
Productivity Commission
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Dear Commissioners

Productivity Commission Inquiry into Australia's Intellectual Property System – Queensland Law Society Submissions on Trade Marks

The Queensland Law Society ('the Society') refers to the Productivity Commission's Intellectual Property Arrangements Issues Paper and notes the extensive range of issues raised therein. The Society proposes to limit its comments to those raised in respect of trade marks.

The purpose of a trade mark is to act as a 'badge of origin' – to indicate clearly to the purchasing public which entity provides the relevant goods and/or services, thereby assuring the purchasing public that the standard of the goods and/or service purchased will always be uniform.

Entities envisage such a concept when they adopt a trade mark and IP Australia is mindful of this concept when examining trade marks.

Efficient and Effective Method for Brand / Reputation Protection

The Australian trade marks system is both an effective and efficient method for entities or individuals to protect their 'brand' and/or reputation, with the utility of registered trade marks for doing so far outstripping that of the alternatives; that is, the common law tort of passing off or the Australian Consumer Law. Much of this effectiveness and efficiency stems from the trade mark registration process itself.

In Australia, trade marks are examined on both absolute and relative grounds. Examination of trade marks to determine both whether the trade mark in question is capable of distinguishing and/or too similar to a trade mark already on the Australian Trade Marks Register results in trade marks of only a 'high standard' being accepted for registration.

Once accepted, third parties then have the opportunity to oppose registration of the trade mark. The grounds of opposition include, but are not limited to, all the grounds of examination, with the opposition proceedings' decisions being handed down by IP Australia's experienced Hearing Officers. (These decisions may be appealed to the Federal Court, with further appeals available up to and including the High Court. The first appeal, made to the Federal Circuit Court, is a hearing *de novo*.)

Improvement of Trade Mark Registration System

In short, the Australian trade mark registration process provides two levels of comprehensive trade mark scrutiny, with the second level providing the opportunity to address any inconsistencies resulting from the first level of scrutiny.

Provided the trade mark is unopposed, the trade mark owner can secure registration of the trade mark in seven to eight months. It is not possible to register a trade mark in less time, due to Australia being a party to the *Paris Convention for Protection of Industrial Property*.

However, although a trade mark may not be registered in under six months, the trade mark applicants generally know in well under six months whether there are any issues that need to be addressed in order to secure registration of their trade marks.

This is because the previously discussed comprehensive examination commences within:

- Three to four months of the application's filing if it is a standard application;
- Two to six weeks of the application's filing, if it is a standard application which has been the subject of an expedited examination request; or
- One to two weeks of paying the 'Part Two' fee, if the application is a Headstart application.

The brief time between the filing and examination of a trade mark application clearly indicates that the Australian trade marks registration process is time effective.

With the fees payable to IP Australia to:

- File a trade mark application being a maximum of \$200.00 per class; and
- Register a trade mark being \$300.00 per class,

the Australian trade mark registration process is also cost effective.

The Australian trade mark registration process features prompt, comprehensive examination at very reasonable prices, thereby making a registered trade mark an asset which is universally available to individuals and multi-national companies alike. It is difficult to envisage how the registration process could be improved. In fact, the Society would caution against modifying the Australian trade mark registration process without there first being significant research undertaken to determine the necessity of such modification.

The product of the Australian trade mark registration process, as it exists now, is 'strong' trade marks, and it is the strength of Australian registered trade marks that allows the owners of registered trade marks to address and ensure cessation of trade mark infringement, sometimes without even commencing court proceedings.

Trade Mark Infringement Matters – Costs

Forwarding a letter of demand (a cease and desist letter) alerting the alleged infringer to the existence of the owner's registered trade mark can very often be all that is required to ensure that the alleged infringer ceases use of and abandons the infringing trade mark and adopts another.

A simple side by side comparison of a comprehensively examined, registered trade mark and an allegedly infringing trade mark will be more effectual in stopping the detrimental behaviour of the other party (the alleged infringer) when compared to:

- passing off – because it is not necessary to show that the:
 - registered trade mark has a reputation;
 - alleged infringer has made a misrepresentation; or
 - owner of the registered trade mark has experienced damage.

Or

- the *Australian Consumer Law*, as it is not necessary to show that the action of the other party (the alleged infringer):
 - is misleading or deceptive; or
 - has the potential to mislead or deceive.

Frequently, all that is required to establish infringement of a registered trade mark is a simple side by side comparison of the registered trade mark and the allegedly infringing trade mark. If they are clearly similar and the goods and/or services of each are similar or closely related, the registered trade mark may be said to be infringed by the second trade mark.

From the perspective that a registered trade mark may be used to 'shut down' an infringer's operations without even commencing court proceedings, it can only be said that registered trade marks are an effective and efficient method of protecting an entity's 'brand' and reputation.

However, if the trade mark infringement matter is not resolved at this early stage and court proceedings do commence, the costs associated with same depend, to a large extent, on the nature of the participants themselves; that is, how inclined they are to resolve the matter and the nature and number of people comprising their legal teams.

Certainly, it is acknowledged that fees are payable to the courts and these are significant, regardless of whether the participants are individuals or companies. Similarly, they are significant, regardless of whether the party is an applicant or respondent.

That said, it is noted that the structure of the Federal Circuit Court's Fast Track System / Fast Track List for trade mark infringement matters has provided the opportunity to resolve trade mark infringement matters more quickly and, consequently, more cheaply. Although statistics show that, in some cities at least, the Fast Track System / Fast Track List is still to be optimally utilised, it is anticipated that the potential cost benefit will result in more use being made of the Fast Track System / Fast Track List in the future.

Tests for Determining Anti-Competitive Use of Trade Marks

The Examiners at IP Australia take into consideration the concern that a trade mark owner may utilise a trade mark in such a way as to inhibit competition.

Trade marks are of reduced value unless they are registered and, as discussed previously, a trade mark must successfully pass through IP Australia's comprehensive examination process and (possibly the opposition process) if it is to proceed to registration.

When considering the absolute grounds of examination, a trade mark Examiner will consider whether the trade mark in question is one that other traders, not having an improper motive, would wish to use in respect of their similar goods and/or services. If the Examiner believes that another trader would so wish to use the trade mark, then the Examiner will refuse to register the trade mark and issue an Examination Report. It is then for the trade mark owner to overcome the objection.

Generally, the objection is overcome by presenting supporting submissions, based on case law.

However, the objection may also be overcome by presenting evidence of use of the trade mark. The evidence of use generally contains, amongst other things, sales and advertising figures, details of where the goods and/or services are provided and details of where the trade mark and the goods and/or services provided under the trade mark are advertised.

All in all, the purpose of the evidence of use is to illustrate the notoriety of the trade mark, the logic being that if the trade mark has been used extensively, the only other traders who would wish to use the trade mark in respect of their goods and/or services would be those with an improper motive and, as a consequence, the trade mark should proceed to registration.

IP Australia scrutinises this evidence of use not just to determine whether the trade mark meets the necessary criteria but also because it is mindful that registering one trade mark may prevent the registration of another trade mark.

IP Australia consistently walks a tightrope of assessing applied for trade mark rights, while being mindful of the impact registration may have on the rights of third parties. This is especially so in the case of word trade marks where IP Australia is aware that their registration has the potential to 'fence off part of the great common of the English language' and, consequently, adversely impact the rights of unrelated third parties.

As only registered trade marks may be infringed, it is not possible to defend a 'firm's branding through trade marks' if the trade mark is not registered. As IP Australia employs strict criteria to determine whether a trade mark is registrable and is also mindful of the ramifications of trade mark registration, both on the owner of the registered trade mark and on other traders, the owner of a registered trade mark should be able to use the rights bestowed by trade mark registration to their fullest extent when defending its 'branding'.

When all is said and done, the test of whether other traders, not having an improper motive, would want to use the trade mark in respect of their similar goods and/or services, a test used by IP Australia at the examination stage and by all subsequent appeal tribunals, is the only test required to determine whether use of the trade mark would be anti-competitive. This test can be used to determine whether a registration should be refused, revoked or cancelled. Consequently, this test, or at least, the logic behind this test, can also be used to stop the anti-competitive use of registered trade marks.

Competing Claims to Similar or Identical 'Branding'

The trade mark system works similarly well when it comes to addressing issues of competing claims to similar or identical 'branding'.

When determining the issue of whether one trade mark should be registered in the face of a pre-existing similar trade mark, IP Australia may have to resort to evidence submitted by the applicant to determine whether the second trade mark should be accepted for registration.

The evidence will be assessed to determine dates of first use, the extent of use, revenue generated by sale of the product provided under the trade mark, advertising devoted to promoting the trade mark and the goods and/or services provided under the trade mark. Also considered will be the areas in which the two trade marks are being used, whether the trade mark was adopted honestly, whether the trade mark applicant was aware of the earlier trade mark, the goods and/or services provided under the trade mark and whether there have been any instances of confusion between the applied for trade mark and the pre-existing trade mark.

Examiners at IP Australia scrutinise this evidence of use closely, as they are aware that to allow the applied for trade mark to proceed to acceptance and eventual registration in the face of a pre-existing trade mark has the potential to dilute the value of the pre-existing trade mark's rights.

Similarly, courts assessing the competing rights of trade marks pay close attention to the aforementioned evidentiary requirements and additional criteria, whether before granting or refusing the right to register a trade mark, or determining whether trade mark infringement has occurred.

This process ensures that very similar trade marks are fairly protected for the relevant goods and services. It is frequently augmented by ensuring that any rights granted by registration are limited to specific (rather than a broad scope of) goods and/or services. A narrowed range of protection also assists in clearly delineating the goods and/or services protected by a trade mark, thereby facilitating the co-existence of trade marks and minimizing the possibility of confusion in the marketplace.

However, it should also be noted that branding does not take place in isolation and without easy access to trade mark records.

Members of the public can easily search the Australian Trade Marks Register, free of charge, to determine whether a newly developed, proposed trade mark is available for use and registration as a trade mark. These searches have the potential to reveal pre-existing trade marks which are too similar to the newly proposed trade mark. If such results are returned, it is advisable that a new trade mark be developed (and searches again conducted) before committing to full scale 'branding' and trading.

Indeed, given that 'branding' in this day and age is not simply limited to product and business names but also colours (such as the colour of jewellery boxes) or shape (such as the shape of a chocolate), it is strongly recommended that a search of the Australian Trade Marks Register be conducted. The

publicly available ATMOSS search system is able to search the so-called 'new trade marks' in addition to the more standard word and logo trade marks.

In many instances, the owner of the proposed trade mark does not need to have prior knowledge of the searchable Australian Trade Marks Register. If commencing branding involves adopting a business name, the Australian Securities and Investments Commission prompts those seeking to register a business name firstly to go to IP Australia's TM Check system, in order to ensure that there is no clash with the proposed business name and an existing trade mark.

In short, appropriate scrutiny of evidence of use and the goods and/or services that are actually provided under a trade mark assist in the resolution of competing claims to trade mark:

- Registration; and
- Use in the marketplace.

However, it is possible to avoid such competing claims and 'branding' disputes altogether by:

- Searching the ATMOSS to determine whether there are any conflicting trade marks already on the Australian Trade Marks Register; and
- Doing a TM Check search of the Australian Trade Marks Register, as prompted by ASIC, before registering a business name.

The Society recommends that, as a matter of good practice, parties intending to embark upon 'branding' or 're-branding' of their business and/or products first conduct comprehensive searches of the Australian Trade Marks Register. Undertaking this initial expense could serve to avoid greater and, possibly, fruitless expense at a later stage.

The Society would like to take this opportunity to thank the Productivity Commission for providing the Society with the opportunity to make submissions addressing the trade mark queries raised in the Intellectual Property Arrangements Issues Paper.

Yours faithfully

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President