

## Australia raises the bar for trade mark owners

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The *Intellectual Property Laws Amendment (Raising the Bar) Act 2012 (Cth)* (**Act**) came into effect on 15 April 2013, and represents a significant revision of Australian trade marks law. In particular, the Act seeks to strengthen and streamline the trade mark enforcement system by making significant changes to the *Trade Marks Act 1995 (Cth)* (**TMA**). There are further changes relating to patents, copyright and registered designs which are not the subject of this article.

The most significant aspects of the trade mark law reforms brought in by the Act are:

- the inclusion of a presumption of registrability for marks with respect to descriptiveness;
- a revised process for the opposition of trade mark applications;
- a strengthened customs seizures regime;
- an increased variety of options for the enforcement of trade mark rights; and
- an extension of attorney-client privilege to fully embrace trade mark attorneys.

### Presumption of registrability for marks

Section 41 of the *TMA* deals with whether the trade mark is capable of distinguishing the applicant's goods or services. The Act completely re-writes section 41 in a manner that could potentially make it easier for applicants to have their trade mark applications accepted.

The revised section 41 of the *TMA*, clarifies that the presumption of registrability of trade marks (contained in section 33 of the *TMA*) applies to distinctiveness objections under section 41. The restructure of the section places the focus on the characteristics that a mark must possess for it to be capable of distinguishing. The revised approach is unlike the current wording of section 41, which focuses on the characteristics a mark must not possess for it to distinguish. If the Registrar of Trade Marks is equally unsure of whether the mark is or is not capable of distinguishing, the doubt should be resolved in favour of the applicant.

However, the Australian government has been at pains to highlight that the amendments are not intended to alter the well understood concepts of 'inherently adapted to distinguish', 'capable of distinguishing' and 'does or will distinguish'. While potential trade mark owners and legal practitioners may be enthused by the revised section as it provides for a presumption in favour of registrability, time will tell if it has any practical benefit, as the effect of the revised section 41 is largely dependent on how the Registrar will apply the provision, which is a matter of policy.

### Reform of the process for opposition of trade mark applications

One of the most significant effects of the Act is to alter the process for opposing applications for registration of trade marks, with a strong focus on reducing potential delays in the system.

Some of the most noteworthy alterations to the trade mark opposition process include that:

- opponents will no longer have to notify the applicant of the opposition, as this will now be undertaken by IP Australia;
- instead of filing just a notice of opposition, opponents will be required to file a notice of their intention to oppose the registration of a trade mark within two months of the acceptance of the trade mark, and then file a statement of their grounds for the opposition within one month of filing the opposition. This reform is intended to prevent opponents from claiming all grounds in every opposition unless warranted;
- applicants will be required to file a notice confirming their intention to defend their mark against the opposition within one month of the opposition being filed or the application for registration will lapse. This will ensure that the opponent need not pursue the opposition process to hearing without the participation of the applicant, as was previously possible;
- extensions of time will still be available but they will be significantly harder to obtain; and
- there is an allowance for regulations to be made relating to trade mark opposition issues such as the rules about filing and serving documents in an opposition and rules about the amendment of documents filed in an opposition.

All of these changes to the trade mark opposition process are overtly designed to streamline the opposition process, which had been considered by some to be overly cumbersome. In Australia trade mark oppositions could often take 3 to 5 years due to unreasonable delays undertaken by the parties at each step of the process. The changes to the opposition procedures are designed to speed up oppositions, including by a summary dismissal of an application if the owner chooses not to defend.

As a result, legal practitioners and trade mark owners must be vigilant of the changes or trade mark applications will be registered or may lapse due to non compliance with procedural matters. Additionally, as a statement of the grounds for the opposition needs to be filed by the opponent, parties seeking to oppose a trade mark must efficiently define the grounds on which an application will be opposed prior to the issuing of the notice or risk being unsuccessful on the grounds claimed.

#### Strengthened customs seizures regime

Although customs seizures regimes have been increasingly utilised by intellectual property owners, the Act has simplified and strengthened the regime to make customs seizures an even more desirable tool.

The main aspects of the customs seizure regime reforms are that:

- importers of seized goods will be required to provide their contact details to the Australian Customs Service to have the seized goods returned to them and these details can then be provided to the trade mark owner, increasing the likelihood of trade mark owners being able to identify those importing goods that infringe their trade marks or copyright. If the importer does not make a claim for the seized goods and provide the requisite details, then the goods will be forfeited; and
- the trade mark owner may be permitted to inspect the seized goods to assess whether the goods infringe their trade mark.

The stronger customs regime will be advantageous for trade mark owners as it will increase the likelihood of trade mark owners being able to identify, and ultimately launch successful proceedings against people importing goods that infringe an owner's trade mark or copyright. Also, this reform will lead to a much greater deterrence to counterfeiters. If trade mark or copyright owners have not yet familiarised themselves with the customs seizure regime, then the changes provide even more impetus for them to do so.

#### Increased variety of options for the enforcement of trade mark rights

The Act drastically increases the number and type of potential penalties for those parties who infringe an owner's trade mark rights.

In particular, the Act:

- introduces summary offences to the *TMA* that correspond to the existing indictable offences in the *TMA* providing for a two-tier system of offence provisions that gives greater flexibility in potential penalties;
- allows for the award of additional damages in civil trade mark disputes if there has been flagrant infringement, there is the need to deter similar infringement of registered marks or other aspects of the conduct of the infringing party's conduct which gives rise to the additional damages;
- introduces new offences relating to the drawing of a mark to be used in the falsifying, removing or falsely applying a trade mark and the possession of a die or machine likely to be used in falsifying, removing or falsely applying a trade mark; and
- increases the penalty for a number of existing offences regarding the misuse of trade marks including falsifying or removing registered trade marks.

The increased variety and number of enforcement mechanisms for those who infringe a party's trade mark rights will be welcomed by practitioners and trade mark owners as they should operate to increase the likelihood of punishment for offenders. This will potentially result in an increased possibility of recovery in cases of infringement and an equally improved deterrence effect on potential offenders.

Also, prior to the commencement of the Act, parties were limited to seeking to enforce their trade mark rights in the Federal Court of Australia (**Federal Court**). However, from 15 April 2013, the Federal Magistrates Court of Australia (**Federal Magistrates Court**), soon to be re-named to the 'Federal Circuit Court of Australia', will have the jurisdiction to hear and determine civil matters arising under the *TMA*, including appeals from the decisions, directions, or orders of the Registrar of Trade Marks. The Federal Magistrates Court's jurisdiction will not cover the prosecution for criminal offences.

The Federal Magistrates Court was established in 2000 to provide a more efficient venue for the hearing of smaller and less complex cases than the Federal Court, with the Federal Magistrates Court seeking to list all matters for final hearing within 6 months from the date an application is filed. However, although the Federal Magistrates Court's existing jurisdiction includes civil copyright proceedings and claims under the Australian Consumer Law as found in Schedule 2 of the *Competition and Consumer Act 2010 (Cth)*, parties seeking to enforce their trade mark rights were limited to the more costly and time consuming process of pursuing litigation in the Federal Court. The

Australian Advisory Council on Intellectual Property recommended that the Federal Magistrates Court have jurisdiction to hear and determine patent and plant breeders rights disputes as well, however, this was not adopted in the Act.

Although the Federal Court has significant experience with trade mark disputes, the costs associated with the running of litigation in this venue as well as the increasingly long dockets of Federal Court judges means that the alternative option to commence proceedings to enforce trade mark rights in the Federal Magistrates Court should be welcomed by practitioners and trade mark owners alike. One drawback is the limited experience of Federal Magistrates in trade mark matters which may mean additional time is taken educating the Court regarding issues of trade mark law.

#### Extension of attorney-client privilege

Finally, another reform in the Act is that it extends the same benefits of legal professional privilege previously only experienced by legal practitioners, to trade mark attorneys' communications, meaning that correspondence with both local and foreign agents may attract privilege. Therefore, clients should be increasingly reassured about the confidentiality of the advice they receive and instructions they give about their trade mark matters.

#### Conclusion

The Act represents a landmark reform to the Australian intellectual property system, with significant changes to the system of patents as well as the trade mark reforms discussed above. Legal practitioners and intellectual property owners must be aware of the changes, so as to best utilise the strengthened and streamlined legal framework when the majority of the changes come into force on 15 April 2013.

#### **For more information, please contact:**



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