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Collaboration and Intellectual Property Policy
Department of Industry, Innovation and Science
Canberra City ACT 2601
Via email: IP.PCInquiry@industry.gov.au

To Whom It May Concern:

RE: Consultation on the Final Report of the Productivity Commission Inquiry into Intellectual Property Arrangements

The International Trademark Association (INTA) welcomes the opportunity to provide the enclosed comments to the Government of the Commonwealth of Australia on the public consultation on the final report of the Productivity Commission Inquiry into Intellectual Property Arrangements (the "Report"), which was released December 20, 2016.

INTA is a global association of trademark owners and professionals dedicated to supporting trademarks and related intellectual property in order to protect consumers and to promote fair and effective commerce. INTA's members are more than 7,000 organizations from 190 countries, with 168 member organizations in Australia.

As directed by the consultation notice, INTA's comments focus on:

- *Final recommendation 12.1*
 - *The Productivity Commission has proposed a different approach to reducing clutter on the trademarks register which focuses on non-use actions.*
- *Final recommendation 17.1*
 - *The Productivity Commission has proposed changes to the Australian Government's approach to IP policy, both domestically and internationally.*

A major impetus for the suggested reforms on trademarks is the Commission's finding that a cluttering of the trademark register with unused trademarks is preventing third parties from adopting the same or similar marks and thereby obstructing the market entry for new businesses, and is simultaneously causing consumer confusion. The suggested amendments to the Trade Marks Act of 1995 include particularly the reduction of the non-use grace period from 5 to 3 years as well as the introduction of the requirement to prove actual use of a registered trademark.

The suggested action items on IP policy and treaties contain interesting ideas for the improvement of cooperation and IP advancement between governments, but also appear not to fully appreciate

the current global dynamics with respect to negotiations on multilateral versus regional and bi-lateral trade agreements and their ability to advance intellectual property rights protection.

Since the conclusion of the consultations conducted by the Productivity Commission during its inquiry, INTA formed a standing committee on Designs. INTA is including supplemental comments to address points made in the discussion in Chapter 11 of the Report.

INTA generally welcomes the continued improvement of trademark law and IP policy since it is our position that ultimately the protection of IP rights and particularly trademark rights fosters creativity and entrepreneurship, and thereby creates economic prosperity.

We appreciate the chance to be involved in these important developments and look forward to supporting the next steps in the updating of Australia's IP protection. If you have any questions about our comments, please contact INTA's Chief Representative for Asia-Pacific, Seth Hays at shays@inta.org

Sincerely,

A handwritten signature in blue ink, appearing to read "Etienne Sanz de Acedo". The signature is stylized and cursive.

Etienne Sanz de Acedo
Chief Executive Officer
International Trademark Association

Enclosure

INTERNATIONAL TRADEMARK ASSOCIATION COMMENTS

Australian Government Consultation:

*Productivity Commission
Inquiry into Intellectual Property Arrangements
Final Report*

(13 February 2017)

Chapter 12 Trademarks and Geographical Indications

Recommendation 12.1

The Australian Government amend the Trade Marks Act 1995 (Cth) to:

- *reduce the grace period from 5 years to 3 years before new registrations can be challenged for non-use*

INTA Comment: INTA has no objection to reducing non-use cancellation period from 5-3 years provided the calculation of the deadline takes into account that contentious prosecution procedures may prevent applicants from initiating use of a mark for extended periods of time, which is why the calculation should begin with the registration date.

- *remove the presumption of registrability in assessing whether a mark could be misleading or confusing at application*

INTA Comment: INTA does not object to removing the presumption of registrability in assessing whether a mark could be misleading or confusing at application, although INTA supports the principle that the applicant should be granted an opportunity to submit observations in cases where the registrability of a trademark is in doubt.

- *ensure that parallel imports of marked goods do not infringe an Australian registered trade mark when the marked good has been brought to market elsewhere by the owner of the mark or its licensee. Section 97A of the Trade Marks Act 2002 (New Zealand) could serve as a model clause in this regard.*

INTA Comment: INTA previously objected to the Commission's proposal "to ensure that parallel imports of marked goods do not infringe an Australian registered trade mark when the marked good has been brought to market elsewhere by the owner of the mark or its

licensee. Section 97A of the *Trade Marks Act 2002* (New Zealand) could serve as a model clause in this regard.” For the reasons set out in detail in our letter of June 6, 2016, INTA maintains that products that are materially different from the ones authorized by the trademark owner for import into Australia, should be excluded from the general import approval under the doctrine of international exhaustion. In addition, INTA welcomes the transfer of the burden of proof onto the importer to show that the releasing into the market of the product by the trademark owner was unrestricted and unlimited, or that limits and restrictions were not violated in the transfer and import of the product.

IP Australia should:

- *require those seeking trade mark protection to state whether they are using the mark or ‘intending to use’ the mark at application, registration and renewal, and record this on the Australian Trade Mark On line Search System (ATMOSS). It should also seek confirmation from trade mark holders that register with an ‘intent to use’ that their mark is actually in use following the grace period, with this information also recorded on the ATMOSS*

INTA Comment: Subject to the observation of the principal in Art. 15.3 TRIPS that “...actual use of a trademark shall not be a condition for filing an application for registration,” INTA does not object to the requirement to confirm use of a registered trademark. Insisting that registrants make use of their trademarks to the extent they were registered will reduce cluttering of the trademark register. The effectiveness of this measure will depend on the type and details of the final amendment to the trademarks Act, which INTA will be happy to review and comment upon. However, implementation of this requirement should comply with the Singapore Treaty on Trademark Law to which Australia is a party regarding requiring proof of actual use at the time of application.

- *require the Trade Marks Office to return to its previous practice of routinely challenging trade mark applications that contain contemporary geographical references (under s. 43 of the Trade Marks Act)*

INTA Comment: INTA would not support the routine challenge of such marks without any bases and solely due to the fact that a mark contains a geographical element. However, it does support the review and analysis of trademarks for deceptive misdescription, which can occur more frequently where Geographical Indications are part of the mark. INTA’s Guidelines for Trademark Examination provides more details on how examiners should approach these issues which can be found at <http://www.inta.org/Advocacy/Pages/ModelLawsandGuidelines.aspx>.

- *in conjunction with the Australian Securities and Investment Commission, link the ATMOSS database with the business registration portal, including to ensure a warning if a business registration may infringe an existing trade mark.*

INTA Comment: INTA considers an increased exchange of information and communication between trademark and trade name registries to be beneficial in the endeavor to reduce cluttering and consumer confusion, since conflicting trademarks or trade names presumably would not be registered upon receipt of a respective notification from one of the registries.

Chapter 17: Intellectual property's institutional arrangements

Recommendation 17.1

The Australian Government should promote a coherent and integrated approach to IP policy by:

- *establishing and maintaining greater IP policy expertise in the Department of Industry, Innovation and Science.*

INTA Comment: INTA supports the establishment of greater IP expertise in DIIS and other relevant departments of government.

- *ensuring the allocation of functions to IP Australia has regard to conflicts arising from IP Australia's role as IP rights administrator and involvement in policy development and advice.*

INTA Comment: In its dealing with IP policy and administration throughout the world, INTA has found that the IP office responsible for administering the registration of intellectual property rights also has a key role in a government's development of IP policy. This is in large part due to the IP Office's expertise and practical knowledge of what is important users. For several years INTA has had the privilege of working with IP Australia on both domestic and international policy impacting trademarks and greatly appreciates the leadership that IP Australia displayed in important venues such as the World Intellectual Property Organization (WIPO). INTA therefore encourages the Australian government to continue to ensure that the advice and counsel of IP Australia is paramount in IP policy development.

- *establishing a standing (interdepartmental) IP Policy Group and formal working arrangements to ensure agencies work together within the policy framework outlined in this report. The Group would comprise those departments with responsibility for industrial and creative IP rights, the Treasury, and others as needed, including IP Australia.*

INTA Comment: INTA supports the formation of an interdepartmental mechanism for coordinating and implementing IP policy. We also recommend that a position be created such as the Intellectual Property Enforcement Coordinator with the Office of the President of the United States to chair the interagency group and to develop an overall IP strategy for Australia.

Supplemental INTA Comments on Chapter 11 – Registered Designs

INTA expressly supports the three aims on which the Productivity Commission focussed in Chapter 11 of the Report, specifically relating to designs, including:

- measures to reduce the cost of design protection;
- measures to address poor understanding of design laws; and
- making design law more adaptable.

Specific comments for the Government's consideration follow.

I. International harmonization, including through the Designs Law Treaty

INTA supports international harmonization, which makes filing for design registration considerably easier and more cost-effective, particularly for individual designers and small to medium sized enterprises ("SMEs").

Australia has quite rightly been an active voice in the Standing Committee on Trade Marks, Industrial Designs and Geographical Indications ("SCT") at the World Intellectual Property Organization ("WIPO") in the discussions concerning the proposed Design Law Treaty ("DLT"). INTA is saddened that the discussions on the proposed DLT have stalled, and urges member states to find a way forward towards agreeing a diplomatic conference to finalize and agree the terms of the DLT.

II. *Accession to and implementation of the Hague Agreement*

As noted in the Report, the Australian Government has already agreed to investigate the costs and benefits before making a decision to sign on to the Hague Agreement. Australia would need to take steps for harmonization including, for example, extending the term of maximum protection for registered designs from 10 to 15 years.

In 2016, INTA extensively reviewed the details of the Hague Agreement and, as a result, passed a Board resolution supporting the Hague Agreement. INTA also resolved actively to advocate for countries to accede to the Hague Agreement, and to domesticate its provisions.

Therefore, INTA encourages Australia to recognize the many benefits to Australian designers (and particularly individual designers and SMEs) of being able to obtain design rights in multiple jurisdictions in a simplified manner and with reduced costs. INTA also recognizes the value to designers outside Australia of being able to obtain cost-effective design protection in Australia through the Hague Agreement.

INTA therefore urges Australia to accede to and implement the Hague Agreement.

III. *Introduction of a grace period*

In May 2016, the Australian Government agreed to introduce a grace period together with a prior user defense. However, details of the grace period, such as whether it should be for 6 or 12 months, were to be determined later.

INTA strongly welcomes the implementation of a grace period in Australia. Grace periods protect individual designers, SMEs, and large companies from irrevocably losing their rights where a disclosure occurs before an application is filed. Having a grace period prevents inadvertent forfeiture of rights for designers and therefore would not extend a pass for third parties to make knockoff products with immunity. A grace period also allows a designer to test a design on the market, before being put to the expense of registering for design protection.

Most countries around the world have instituted grace periods for these reasons and Australia is one of the few remaining countries in the world that does not have a grace period. Accordingly, INTA advocates strong support for Australia implementing a grace period.

IV. *Retention of the requirement that designs be registered only for the whole product*

The Australian Government has accepted a recommendation that Australia retains a requirement that a design be registered for the whole of a product, while investigating whether Australian law should be amended to provide for part of a product to be registered.

INTA advocates for such an amendment. Often, the innovation in a design will relate only to part of it, including in circumstances where the part of the product is not sold separately. For example, it should be possible to register just the back of a chair, in circumstances where the base and legs of the chair are commonplace. It should not be possible for an infringer to copy the novel back of the chair, but avoid infringement because of the use of different, but still commonplace, base and legs. Similar stipulations apply in many areas of design (for example, clothing, automotive, boating etc.).

As above, the requirement that only the whole of a design can be registered is out of step with global movement on this subject. Many countries already provide for registration of part of a product – and those countries that are considering it are moving towards allowing registration of part of a product.

V. *Treatment of virtual and non-physical designs*

The Report correctly recognizes that a designer's ability to protect virtual designs through the design right system in Australia is uncertain. This uncertainty is partly because the courts have not yet clarified whether the definition of a product as something "manufactured or hand-made" applies to non-physical designs. "Virtual designs" includes graphical user interfaces ("GUIs") and other screen designs.

INTA supports Australia adopting necessary amendments to provide clear and specific protection for virtual designs. Many designers now are focused on the creation of virtual designs to help create user experiences. For many companies, virtual designs are key assets and are the major, if not the only, way they interface with consumers. For example, social media companies, companies who develop apps, and companies who develop products usable as part of the Internet of Things design virtual designs and need protection for them. For these companies, virtual designs are as important as three-dimensional designs are for other companies. Such a change would also show Australia's adaptability to changes in technology and bring its design laws in step with substantially the rest of the world.

About INTA

The International Trademark Association (INTA) is a global association of trademark owners and professionals dedicated to supporting trademarks and related intellectual property in order to protect consumers and to promote fair and effective commerce. INTA's members are more than 6,700 organizations from 190 countries. INTA members collectively contribute almost US \$12 trillion to global GDP annually. For comparison, the 2013 annual GDP of the top three markets was \$9.2 trillion (China), \$17.9 trillion (European Union) and \$16.7 trillion (United States).

The Association's member organizations represent some 30,000 trademark professionals and include brand owners from major corporations as well as small- and medium-sized enterprises, law firms and nonprofits. There are also government agency members as well as individual professor and student members. INTA has 168 member organizations in Australia.

INTA undertakes advocacy work throughout the world to advance trademarks and related rights, and offers educational programs and informational and legal resources of global interest. Headquartered in New York City, INTA also has offices in Brussels, Shanghai, Singapore and Washington D.C. and representatives in Geneva, New Delhi and Ottawa.

Further information about our Association can be found at www.inta.org.

