Dear Ms Bailey


We make these submissions in response to the exposure drafts of the Intellectual Property Laws Amendment Bill 2017 (Draft Bill) and the Intellectual Property Laws Amendment Regulations 2017 (Draft Regs), insofar as they relate to proposed amendments of the trade marks legislation.

Summary

1 We oppose the reduction of the acceptance period to 9 months. If the acceptance period is to be reduced, we propose that the period be reduced to a minimum of 12 months, coupled with a change to the different deferment periods where the grounds are different.

2 We oppose the abolition of extensions under existing regs 4.12(3)-(4). We propose that existing regs 4.12(3)-(4) be retained, even if ss.224A and 224B are introduced. We also propose that the default position under new s.224B be expressly clarified (i.e., that the extension will be allowed if there is no formality or third party objection).

Reduction of the acceptance period

3 We oppose the reduction of the acceptance period to 9 months: Draft Regs, Sch 1, items 421, 423-424.

4 The effect of these amendments will be to reduce the acceptance period from 15 months to 9 months. This reduction will likely result in significant detriment to trade mark applicants who have a genuine need for more time to achieve acceptance, and provide negligible benefit to the trade mark system.

5 According to IP Australia, only a small minority of applicants require more than 6 months to achieve acceptance (~12%). Typical reasons for requiring more than 6 months include time: to gather evidence of use; for negotiations and communications between parties; and to await outcomes of relevant Office and court proceedings. Applications requiring more time are likely to involve more issues and/or more complex issues that cannot be satisfactorily resolved in the proposed timeframe. In our experience, even with the convenience of modern electronic communication, non-resident trade mark applicants (~36% of all applicants), who often have multi-jurisdictional trade mark issues, require more time to achieve acceptance because of the

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2 Consultation Paper, p.67, n.142.
extra coordination between foreign and local trade mark agents, multiple parties, multiple Trade Mark Offices and/or between corporate offices in different countries.

6 IP Australia currently requires a trade mark applicant to respond to an adverse examination report by at least 4 weeks before the expiry of the acceptance period. Some applications result in the issue of more than one adverse report. Essentially, the proposed changes will mean that the proposed acceptance period will in practice be reduced to 8 months or less. Given that a trade mark cannot be advertised for acceptance until at least 5 months after the filing date and cannot be registered until at least 7.5 months after the priority date, the amendments do not sufficiently recognise the spectrum between trade marks that do not give rise to examination issues and those that do.

7 One of the stated justifications for the amendments is to improve certainty for third parties. There has been no attempt to quantify the opportunity costs to third parties of the existing acceptance period. The Consultation Paper states, without explanation or analysis, “The cost to an Australian competitor will depend on the value of the specific trade marks, products and businesses involved.” Given that only a small minority of applicants require more than 6 months (~12%), and an even smaller minority require more than 15 months (~5%), the opportunity costs to the third parties (if any) are likely to be negligible and insignificant, and certainly do not justify a wholesale change that affects all trade mark applicants.

8 If the acceptance period is to be reduced, we propose that the period be reduced to a minimum of 12 months from the date of the examination report. This period in our view strikes a reasonable and appropriate balance between trade mark applicants, third parties and other stakeholders. Any reduction of the acceptance period should also be coupled with a consistent approach to deferment periods — for example, there is currently little justification (in practice) for the different deferment periods that apply to dealing with the citation of prior registered marks as opposed to prior pending applications: cf regs 4.14(3)(a) and 4.14(3)(b). Deferment should be available until the issue is dealt with inter partes or the pending citation is finally accepted or lapses.

Abolition of extensions under existing regs 4.12(3)-(4)

9 We oppose the abolition of extensions under existing regs 4.12(3)-(4): Draft Regs, Sch 1, item 425.

10 The effect of the amendments will be that a trade mark applicant who needs more time to achieve acceptance, will be required to seek an extension under new s.224A. If the extension sought is 3 months or less from the original deadline, the extension request will be dealt with under new s.224B. The extension request will be published after a formalities check using computerised decision-making tools. Third parties may object to the extension sought within one month of publication and have the opportunity to be heard: new ss.224B(2), 224B(6)(a); new reg 21.25(2). The extension request will only be assessed by a Registrar’s delegate if the Registrar chose to review the computerised decision or if a third party objection is filed. While it is not clear from the Draft EM, we assume that the extension request will be automatically

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4 Trade Marks Office Manual of Practice and Procedure, Pt 39, [4.1].
5 Draft Explanatory Statement to the Draft Regs (Draft ES), p.54.
6 Consultation Paper, p.66, n.141.
7 Note 1 above.
8 Consultation Paper, p.66, n.140.
9 Draft Explanatory Memorandum to the Draft Bill (Draft EM), p.49.
10 Draft EM, p.49.
allowed if the Registrar does not review the computerised decision and no third party objection is filed. At a minimum, this should be clarified.

11 The above proposal under new ss.224A and 224B is inferior to existing regs 4.12(3)-(4). It imposes significant uncertainty on a trade mark applicant because the applicant does not know whether the extension will be allowed during the period in which a third party objection may be filed.

12 Another reason why the proposal is inferior is because the Registrar must make a decision that she is satisfied the extension ground exists: new s.224B(8). This is in contrast to existing reg 4.12(4), where the Registrar must allow the extension unless the acceptance period would be extended by more than 6 months after the end of the original period. Contrary to the objectives of the proposal, the criteria in new s.224B(8) will likely give rise to more administrative disputes about relatively short extensions (3 months or less), which will need to be dealt with by the Registrar’s delegates. This result undermines the objective of the proposal, namely, to streamline the trade mark system in relation to extensions of time.

13 In addition, while we welcome computerised decision-making generally, we query whether such decision-making complies with the terms of new s.224B(8). The new subsection requires the Registrar to be “satisfied” that the extension ground exists. “Satisfied” means that the Registrar must be persuaded of the matter on the balance of probabilities: Blount.11 It is difficult to see how the Registrar can be satisfied that the extension ground exists if the computerised decision-making only involves a formalities check of the filing requirements under new s.224A(2).12

14 For these reasons, we propose that existing regs 4.12(3)-(4) be retained, even if ss.224A and 224B are introduced. We also propose the default position under new s.224B be expressly clarified (i.e., that the extension will be allowed if there is no formality or third party objection).

Please let us know if IP Australia has any questions.

Yours faithfully
Gilbert + Tobin

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12 Draft EM, p.49.