Dear Mr Massey and Ms Bailey


I wish to make a short submission in respect of proposed s 122A of the Trade Marks Act relating to parallel imports.

I agree for reasons discussed elsewhere that the objective of ensuring that parallel imports do not infringe a registered trade mark requires amendment of the Act.

Proposed section 122A, however, is extremely difficult to understand and is likely to give rise to significant problems in practice. Apart from the drafting of the provision, it introduces new concepts which are not clearly defined and understood in our law. For example, “put on the market” and “significant influence”.

It is also highly questionable whether the draft provision would achieve the stated objective.

I have taken the liberty of attaching a suggested amendment to section 123 itself which I think should achieve the desired objective.

Apart from the wording shown marked up in subsections (1) and (2), the wording of subsections (1) and (2) is the existing wording.

I have shown the proposed additional wording (paragraph (b) in each subsection) in square brackets because I question whether they in fact address anything which can legitimately be called parallel imports.

I appreciate that s 120(2) and (3) of the Act extend infringement beyond the goods or services for which the trade mark is specifically registered. However, including the situations described in [paragraph (b)] “goes much further than parallel importing.

Further, the legitimate interests of someone who wishes to market some goods for use with, or in relation to, some trademarked services (or vice versa) are already adequately protected by section 122. Compliance with the requirements of s 122 also serves the public interest by ensuring that the public is not deceived by the use of the trade mark.

Proposed subsections (3) and (4) are new.

First, it is necessary to specify that it does not matter whether the trade mark has been applied by or in relation to the goods in Australia or outside Australia. The Full Court in the Montana case did reach this position. Whether it would do so with a wholly new provision is uncertain. More recently, Kenny J applied standard rules of interpretation to read down s 71 of the Designs Act 2003 to conduct in Australia: see e.g. Review Australia Pty Ltd v New Cover Group Pty Ltd [2008] FCA 1589 around [48] – [49]. For similar reasons, paragraph 77(1)(c) of the Copyright Act 1968 expressly states “whether in Australia or elsewhere”.

Secondly, I have referred to “associated entity” in square brackets as I am not sure that the full scope of what is intended necessarily transfers across from the
Corporations Act without further definition. For example, s 50AAA refers to “interest is material”.

Thirdly, “contract, arrangement or understanding” has been suggested to pick up the well understood terminology from the Competition and Consumer Act to cover informal arrangements as well as formal or express contracts. Inclusion of supporting definitions from that Act may also be necessary.

Fourthly, the types of arrangement I understand are intended to be caught by the new provision often include arrangements where the assignee, for example, is prohibited from using the trade mark in a way which prejudices the trade mark’s reputation. Often the assignee will also understand that the product is to be marketed in Australia consistently with, and to take advantage of, international marketing programs. Sub-paragraph (3)(c)(iv) is directed to these types of situation.

Fifthly, sub-section (5) is intended to address the problem about proof. The proposed provision does not include a “saving” for someone who has a reasonable belief that the goods are genuine goods. That situation would be better addressed, if at all, by protection from pecuniary remedies for an “innocent” infringer.

I would be happy to discuss any further questions you may have.

Warwick A Rothnie
Barrister
Senior Fellow, Melbourne Law School

4 December 2017
(1) In spite of section 120, a person who uses a registered trade mark in relation to:

(a) goods that are similar to goods in respect of which the trade mark is registered; or

(b) [services that are closely related to those goods],

does not infringe the trade mark if the trade mark has been applied to, or in relation to, the goods by, or with the consent of, the registered owner of the trade mark.

Note: For similar goods see subsection 14(1).

(2) In spite of section 120, a person who uses a registered trade mark in relation to:

(a) services that are similar to services in respect of which the trade mark is registered; or

(b) [goods that are closely to those services],

does not infringe the trade mark if the trade mark has been applied in relation to the services by, or with the consent of, the registered owner of the trade mark.

Note: For similar services see subsection 14(2).

(3) Without in any way limiting what may constitute consent for the purposes of sub-section (1) or (2), a trade mark will be taken to have been applied to, or in relation to, the goods or services (as the case may be) with the consent of the registered owner if the trade mark was applied (whether in Australia or elsewhere) by:

(a) a person with the permission (express or implied) of the registered owner;

(b) by an [associated entity] of the registered owner;
(c) by or with the consent of a person (the other person), or an [associated entity] of the other person if there is a contract, arrangement or understanding between:

(i) the registered owner of the trade mark or an [associated entity] of the registered owner; and

(ii) the other person or an [associated entity] of the other person, by which:

(iii) the other person, or an [associated entity] of the other person, may require [OR request?] the assignment of the registered trade mark to, or at the direction of, the other person or an [associated entity] of the other person; or

(iv) the other person, or an [associated entity] of the other person, may control or direct how the registered owner uses, or authorises the use of, the registered trade mark; or

(d) a person with the permission (express or implied) of a person mentioned in paragraphs (a) to (c) above.

(4) The registered owner of the trade mark has the onus of proving that the trade mark was not applied to the goods or services:

(i) by the registered owner; or

(ii) with the consent of the registered owner.
(1) In spite of section 120, a person who uses a registered trade mark in relation to:

(a) goods that are similar to goods in respect of which the trade mark is registered; or

(b) [services that are closely related to those goods],

does not infringe the trade mark if the trade mark has been applied to, or in relation to, the goods by, or with the consent of, the registered owner of the trade mark.

Note: For similar goods see subsection 14(1).

(2) In spite of section 120, a person who uses a registered trade mark in relation to:

(a) services that are similar to services in respect of which the trade mark is registered; or

(b) [goods that are closely to those services],

does not infringe the trade mark if the trade mark has been applied in relation to the services by, or with the consent of, the registered owner of the trade mark.

Note: For similar services see subsection 14(2).

(3) Without in any way limiting what may constitute consent for the purposes of sub-section (1) or (2), a trade mark will be taken to have been applied to, or in relation to, the goods or services (as the case may be) with the consent of the registered owner if the trade mark was applied (whether in Australia or elsewhere) by:

(a) a person with the permission (express or implied) of the registered owner;

(b) by an [associated entity] of the registered owner,
(c) by or with the consent of a person (the **other person**), or an [associated entity] of the other person if there is a contract, arrangement or understanding between:

(i) the registered owner of the trade mark or an [associated entity] of the registered owner; and

(ii) the other person or an [associated entity] of the other person, by which:

(iii) the other person, or an [associated entity] of the other person, may require [OR request?] the assignment of the registered trade mark to, or at the direction of, the other person or an [associated entity] of the other person; or

(iv) the other person, or an [associated entity] of the other person, may control or direct how the registered owner uses, or authorises the use of, the registered trade mark; or

(d) a person with the permission (express or implied) of a person mentioned in paragraphs (a) to (c) above.

(4) The registered owner of the trade mark has the onus of proving that the trade mark was not applied to the goods or services:

(i) by the registered owner; or

(ii) with the consent of the registered owner.