

Trade Marks Legislation Review

Paper 2

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Part 4 - Application for Registration

1. Regulation 4.3(5) and 4.3(6)(b) - Translation

Issue:

Currently a trade mark application must be rejected if it contains non-English words and a translation and/or transliteration is not provided.

Discussion:

Subregulation 4.3(5) provides that if the representation in an application for registration of a trade mark includes words in a language other than English, the applicant must file a translation of the words into English.

Subregulation 4.3(6) provides that if the representation in an application for registration of a trade mark includes characters that are not roman letters, the applicant must file a transliteration of the characters into roman letters, using a recognised system of romanisation of the characters (if any) and a translation of the words into English.

There are many instances when the non-English word is well understood by the general public, eg. 'Bleu' or 'rouge'. In these cases there should be no need for the examiner to request a translation where one has not been supplied.

There appears to be no valid reason for maintaining a mandatory requirement that the applicant must file a translation in every case. The requirement for a translation should be left to the discretion of the Registrar.

Note: Item 16 also applies.

Recommendation:

Subregulation 4.3(5) and paragraph 4.3(6)(b) should be amended to delete the mandatory nature of those provisions and to provide that the Registrar has the discretion to require the applicant to provide a translation.

2. Section 51 - Series

Issue:

The Office proposed that series marks should be abolished because:

- they are very complex and expensive to administer
- cause confusion for private applicants
- have a number of disadvantages for all applicants, and
- on the face of it provide little benefit to owners.

On the other hand, IPTA submitted that the *Trade Marks Act 1995* should be amended to allow for multi-class series applications. The Law Council submitted that series marks do add value because they provide increased certainty where marks are, or may be, used in slightly different forms.

The Industry Reference Group (IRG) strongly supported the position of the Law Council and of IPTA. It suggested that the technical problems identified by the Office could be overcome by introducing clearer and tighter practices. The IRG suggested the issue relating to cost could be addressed by significantly increasing the fees to cover Office costs. The IRG believes a significant fee increase would also have the benefit of discouraging the filing of non-series trade marks as series applications.

Discussion:

Section 51 of the *Trade Marks Act 1995* states:

A person may make a single application under subsection 27(1) for the registration of 2 or more trade marks in respect of similar goods or similar services within a single class if the trade marks resemble each other in material particulars and differ only in respect of one or more of the following matters:

- (a) statements or representations as to the goods or services in relation to which the trade marks are used or are intended to be used;
- (b) statements or representations as to number, price, quality or names of places;
- (c) the colour of any part of the mark;
- (d) any matter that is not inherently adapted to distinguish the goods or services and does not substantially affect the identity of the trade mark.

Australia is one of the few countries which provides for series of trade marks. The UK and New Zealand are our only main trading partners which provide for series applications. The United States, Canada, the European Community, France, Germany, Italy, Japan and the Madrid Protocol do not have any provisions for series of trade marks.

For the period between 1996 and 2002 series trade marks made up approximately 4% of applications filed. In June 2001 information about series applications filed in September 1999 and January 2000 was collected. These were trade marks still listed as series trade marks on the mainframe (once reference to a series trade mark has been amended it is not possible to determine which trade marks were originally filed as series trade marks). Of those applications, which totalled 256:

- ◇ 35% were not valid series applications
- ◇ 10% had only a series ground for rejection raised against them
- ◇ 3 or more examiner's reports were issued on approximately 30 % of the applications which only had series difficulties.

A follow up sample was taken of series applications filed in September 2001 to compare more current trends with the information collected earlier. This later sample of 89 applications, showed:

- approximately 53% were not valid series applications
- in 28% of cases the only ground for rejection raised was a series objection.

The more recent figures have shown that the percentage of series trade marks applied for remained around the same, however more applications contain invalid series. The results also showed that the first clear rate of series marks (17.9%) is well below the benchmark of 35%. With the current average being closer to 45% of all applications accepted at first report. Of the 89 applications considered from September 2001, 3 applications could not even be examined for section 41 or 44 issues until the series issue was resolved.

There are some advantages in applying for a series of trade marks. The Law Council submission comments that series applications are a cost effective way of protecting marks which are or may be used in slightly different forms.

A series application costs only an additional \$50 per application with no increase in the registration or renewal fee.

Currently there are also considerable disadvantages in applying for a series mark, such as:

- the trade marks within a valid series application cannot vary in material particulars and only minor variations are allowed;
- a series application can only cover a single class of goods and/or services;
- the applicant cannot add extra classes, unless the series claim is deleted, where any of the specified goods and/or services in a series application are in the wrong class;
- in the above situation, the applicant cannot file a divisional application covering those goods and/or services in the additional classes as they were not validly covered by the earlier application;
- where the proposed series application includes trade marks which are not part of a valid series, the applicant cannot file a divisional application for any or all of those 'additional' trade marks as they were not validly in the earlier application;
- a series application costs an additional \$50 per application and if the trade marks in the application do not constitute a valid series, the additional amount cannot be refunded, and the applicant loses his/her priority date for the trade marks not included in the valid series;
- the Madrid Protocol does not allow for series applications. An applicant who has applied for, or registered, a series of trade marks in Australia will be required to select one of the marks to be the subject of an international application under the Madrid Protocol;
- there is a high error rate by applicants applying for series applications. 20% of series applications surveyed from September 2001 would have proceeded to acceptance immediately except they were invalid series applications and were therefore not in order for acceptance;
- where the trade marks do not form a valid series of trade marks and differ markedly in material particulars, the examiner must report this to the applicant. It is not appropriate to carry out a search for conflicting trade marks or research registrability until the applicant advises which of the trade marks he/she wishes to retain. To search all possible marks is not efficient or cost effective and as such, finalisation of examination is delayed while the examiner waits for the applicant to advise which representations they wish to proceed with;
- applications which consist of a trade mark and a domain name containing the same trade mark are generally not considered to constitute a valid series of trade marks;
- many applications filed as a series of trade marks proceed with a reduced number of representations or in some cases only one representation;
- where the applicant wishes to gain trade mark protection for representations deleted from a series application, he/she will need to file new applications for the deleted marks. The priority date of the earlier application will not be extended to the later applications;

- A refund is not available where a series is found to be invalid and the application can only proceed with a single representation.

Series applications make up a very small number of filings but are complex, time consuming and if unsuccessful, can be costly for the applicant. Those series applications that are successful appear to provide little or no additional advantage to the applicant over a standard trade mark registration. It simply provides them with greater transparency for the particular variations that they seek to register. Standard trade marks can be used in the market place with minor variations (section 7) that do not alter the identity or material particulars of the trade mark and may be used in any colour (section 70) or with variations of standard typescripts.

Some series applications are filed because the applicant wants to 'fence off' his/her mark. In these cases the applicant has no intention of using all the trade marks and therefore, may leave themselves open to non use actions.

As discussed previously, series applications are more time consuming, onerous and costly for applicants than standard applications, despite the fact that they only cover a single class of goods or services.

The fee structure currently encourages owners to file a series application for marks which often do not fall within the scope of a series. If series marks are retained the fee should be set to cover IP Australia costs and to remove the encouragement given by the current fee structure. For example an additional fee to apply for each additional representation could be introduced and a fee for each representation could also apply at Registration and Renewal.

IPTA wrote "Section 51 - I can see no reason why it should not be possible to file a multi-class series trade mark application. There seems no good reason why the Act should not be amended in this regard."

The Industry Reference Group believes that there is value in retaining series trade marks as they provide a measure of certainty. They consider that IP Australia needs to introduce clearer and tighter practices for series applications and to allow multi-class series applications. They also believe quite strongly that series fees should be increased markedly. The Government has a principle for full cost recovery and all Departments and Agencies must review fees annually with that in mind. The issue of series fees could be included in the next fee review.

Section 51 should be redrafted with the deletion of paragraph (d) which will restrict the variations allowed to obvious and minor alterations, thereby potentially reducing the area where the majority of series problems arise. This could speed up finalisation of series marks and reduce costs for IP Australia and series applicants.

Recommendation:

In view of feedback from the Industry Reference Group, it is proposed to:

- retain series applications
- delete paragraph 51(d) to restrict variations allowed in series applications to obvious and minor alterations
- allow multi-class series, and
- revise the fee structure to cover costs to IP Australia and discourage the filing of inappropriate series applications.

PART 9 - Removal of Trade Mark from Register for Non-Use

3. Section 92 - Localised use only

Issue:

Currently, where a potential non-use applicant is aware of any use of a registered trade mark, that applicant cannot file an action under paragraph 92(4)(b). This means potential non-use applicants may use search strategies that minimise the chance of finding any use of a trade mark.

Discussion:

IPTA wrote "subsection 92(4) does not allow a person aggrieved to file a non-use application when that person is aware of localised use of a trade mark. The grounds prescribed under subsection 92(4) are that there was no intention to use the mark in Australia and that there has not been any such use or that the mark has been on the Register for three years during which period there has been no use in good faith in Australia. This, then, puts at a disadvantage the person who finds out about localised use of a registered trade mark as compared to the person who does not make any appropriate enquiries but who has been using an identical mark or a similar trade mark and can satisfy the provisions of section 102.

I therefore suggest that the provisions of Part 9 be amended to allow for the person who satisfies the requirements of section 102 to apply for a geographical restriction of the registration.

This does not mean that any person should be able to apply for a geographical restriction. The Trade Marks Act, being a Federal Act, must not facilitate fragmentation of trade mark rights. When a person registers a trade mark, that registration must apply throughout the whole of Australia and the owner is entitled to use the trade mark throughout the Commonwealth. Any other person who wishes to use that or a similar mark, and who conducts the appropriate checks, will find that the trade mark is registered and will then need to seek a different trade mark for his own use. Of course, there will always be the situation of honest concurrent use where a person commences use of a trade mark in ignorance of the rights of others. Such concurrent rights come into existence through no fault of any party, and when such rights do come into existence, the Trade Marks Act provides mechanisms to take account of those rights. Therefore, it is only in the case of honest concurrent use that any geographical restriction should be able to be made to an existing registration. "

Some service industries such as restaurants and hairdressers, are generally localised and not spread over a large geographical area. However trade marks are registered for the whole of Australia. This can create a problem for an applicant when earlier filed trade marks are cited against his/her later application. After investigation he/she may discover that the earlier trade mark is only being used in a small area. The later applicant cannot file an action for removal due to non-use because he/she is aware that the owner of the registered mark *is* using the trade mark on the relevant services.

Section 102 allows for opposition to a non-use action to be determined where there is found to be only localised use of a trade mark and the trade mark owned by the non-

use applicant is or could be registered with a limitation to a different geographical area. However, if the potential non-use applicant is aware of any use by the trade mark owner, even very limited localised use, that applicant cannot state that there has been no use of the trade mark in Australia and is not therefore able to meet the requirements for filing a non-use application under subsection 92(4). In this situation, section 102 would never be used.

One possible solution could be to insert a provision whereby a limited non-use removal application could be made in the situation where there is only localised use of a registered trade mark. A person who has also used the trade mark, or a similar mark, only in a different localised area could apply removal of the registered trade mark for non-use for a specific geographical area. If successful this would result in a restriction of the area of registration and would allow the non-use applicant to gain registration also in a limited geographical area.

Another possible solution is to allow anyone to apply for a geographical restriction of a trade mark 10 years after the date of registration of a trade mark. However, only an honest concurrent user whose honest concurrent use started before the date of the trade mark in question would be able to apply for a geographical restriction before that. A defence against an application for geographic restriction would be the trade mark owner is making an honest attempt to expand as well as the usual defences. 10 years is an arbitrary time period which should allow a small business to initially establish and begin using their trade mark, and then decide to expand or remain a local business. This solution would free up trade marks on the trade marks register while giving small business owners sufficient time to expand if they chose to.

However, use of a sign on the Internet makes the situation of only localised use increasingly less likely.

Recommendation: Your views are sought on the interaction of these two provisions and on whether there is a need for localised use to be a ground of removal for non use. Your views are also sought on how the localised use provisions should work.

4. Section 92 - 3 year non use period

Issue:

IPTA considers that paragraph 92(4)(b) should be amended to clarify that, once a trade mark has become a registered trade mark, and subject to sub-section 93(2), the three year period may include time before the trade mark was actually on the Register.

Discussion:

Subsection 93(2) provides that a non-use action under paragraph 92(4)(b) cannot be filed until a trade mark has been registered for 5 years. Registration of a trade mark takes effect from the filing date of the application. It is clear that the three year non-use period can include some time before the trade mark is actually on the Register.

IP Australia staff who process non-use applications, and members of the Industry Reference Group, are not aware of any instances where the non-use applicant was confused by the three year non-use period.

In discussing this issue the use of "remained registered " and "then the registered owner" in paragraph 92(4)(b) were noted as perhaps causing some minor confusion.

Recommendation:

No further action as the provision appears to achieve its intention.

5. Regulation 9.4(4)(b) - Opposition proceedings before the Registrar**Issue:**

Paragraph 9.4(4)(b) provides the steps that are to be followed where an opponent to a non-use action has neither served evidence in support nor requested a hearing. However, the Registrar is still required to determine the non use action. This causes a problem as the Registrar is required to make a determination based on the applicant's statement that no use has been found.

Discussion:

At present, when removal opposition proceedings have ended because an opponent to a removal application has served no evidence in support of its application, and has not requested a hearing, the Registrar still needs to determine the application under section 101 as the proceedings have not been discontinued or dismissed but have ended under regulation 9.4(3). Where the Registrar is satisfied that "the grounds on which the opposed application was made have been established" the Registrar may decide to remove the trade mark from the Register.

This puts the Hearing Officer in a difficult position because of the negative nature of the declarations "we have found no use". In practical terms, this situation is akin to one where removal has been sought but no opposition has been lodged, in that case subsection 97(1) provides that the trade mark is removed from the Register to the extent of the non use application. In neither case can the Registrar be 'satisfied' that the grounds have been established.

It may be more appropriate at this point, given that the opposition has folded, for the Registrar to need only to be satisfied that the opposed removal application was simply in order, so that the removal can proceed.

Recommendation:

Amend regulation 9.4(4) so that if the opposition proceedings are taken to have ended under regulation 9.4(3) and the non use application is in order, the Registrar must remove the trade mark from the Register in respect of the goods and/or services specified in the non use application.

Alternatively section 97 could be extended so that where a notice of opposition has been filed to the application for removal for non use, and evidence in support of the opposition is not filed, the Registrar must remove the registered mark from the Register to the extent applied for.

PART 16 - Certification Trade Marks

The Australian Competition and Consumer Commission (ACCC) considers that the process established by the Trade Mark Regulations restricts the Commission's ability to properly assess the Rules for certification trade mark applications.

IP Australia has received informal submissions raising concerns about the process for approving certification trade marks under the 1995 Act. IP Australia would like feedback from users of certification trade marks on how well the current approval process is operating. In particular, we would like feedback from people who have sought certification trade marks under both the 1995 Act and the old 1955 Act. Suggestions for improving the current process would be welcome.

6. Section 173 - Certification Rules

Issue:

The meaning of sub-paragraphs 173(2)(a) through (e) that specify what must be included in Certification Trade Mark rules could be clarified.

Discussion:

The ACCC wrote, "Subsection 173(2) provides that rules governing the use of a Certification Trade Mark are to include provisions regarding:

- (a) the persons (*approved certifiers*) who may be approved for the purpose of certifying goods and/or services; and
- (b) the cases in which goods or services are to be certified; and
- (c) the conditions under which an approved user is to be allowed to use the certification trade mark in relation to goods or services; and
- (d) the use of the certification trade mark by the owner (if he or she intends to use it) and any approved user; and
- (e) the settlement of any dispute arising from a refusal:
 - (i) to certify goods or services; or
 - (ii) to allow the use of the certification trade mark;and any other provision that the Commission requires or permits to be inserted.

The meaning of these provisions is often unclear – particularly as regards sub-paragraphs (b) and (c).

"We, the ACCC, understands that at least one important purpose of section 173 is to ensure that rules governing the use of Certification Trade Marks provide the Commission with sufficient information to appropriately assess the rules against the

requirements of section 175. Generally, we consider that rules need to contain five things to allow the Commission to do this.

First, the rules should contain a list of the criteria that applicants to use a Certification Trade Mark need to meet to be eligible to use the Certification Trade Mark.

- For example, if the Certification Trade Mark informs consumers that particular professionals are competent and ethical, then the relevant criteria might require, among other things, that applicants possess specific educational qualifications and work experience.
- If a Certification Trade Mark informs consumers that particular goods meet a particular standard, then the criteria might be a (possibly long) list of technical standards.

Second, the rules should spell out the process by which the owner of the Certification Trade Mark (or approved certifier) determines whether an applicant has met the relevant criteria (including appeals processes).

- As regards a Certification Trade Mark that informs consumers that professionals are competent and ethical, assessing whether applicants meet the relevant criteria might be able to be done simply by evaluating the information in an applicant's application form.
- However, as regards a Certification Trade Mark that informs consumers that particular goods meet technical standards, the owner of the Certification Trade Mark might test samples of the relevant goods. Alternatively, manufacturing plants (or farms) might be inspected to ascertain whether the standards have been met.

Third, the rules should state any ongoing requirements on authorised Certification Trade Mark users. For example, authorised Certification Trade Mark users would usually be required to:

- pay annual fees;
- continue to comply with the initial eligibility criteria (this is often implicit in Certification Trade Mark rules);
- comply with a code of conduct (particular as regards professional association Certification Trade Marks).

Fourth, the rules should indicate, as appropriate, how these ongoing requirements are enforced (including appeals processes). For example, professional associations may have internal disciplinary committees to assess complaints that Certification Trade Mark users have breached a code of conduct. Alternatively, a Certification Trade Mark owner might conduct random inspections of a manufacturing plant or goods. Annual inspections might be scheduled.

Fifth, the rules should also indicate whether the right to use the Certification Trade Mark is time-limited.

In light of these considerations, we suggest that section 173(2) be re-drafted along the following lines – that is, to require that rules governing the use of Certification Trade Marks include:

- (1) the persons (*approved certifiers*) who may be approved for the purpose of certifying goods and/or services; and
- (2) the eligibility criteria which, if met, entitles a person to use a Certification Trade Mark
- (3) the process by which the Certification Trade Mark owner or approved certifier determines whether a person has met these criteria, including appeal processes;
- (4) the term of any grant of a right to use a Certification Trade Mark
- (5) all requirements with which a person granted a right to use a Certification Trade Mark must comply while this right continues;
- (6) how the Certification Trade Mark owner/approved certifier enforces compliance with these requirements, including appeal processes;
- (7) how approved users may use the Certification Trade Mark and the Certification Trade Mark owner (if he or she intends to use it); and
- (8) any other provision that the Commission requires or permits to be inserted. (ACCC submission)”

IP Australia makes the following points in relation to items (4) to (6) above.

Item (4) refers to a time limit. Where a person meets the criteria to be an approved user, they must be permitted to be an approved user without a time limit. The requirement to meet regular testing or checking to ensure that the approved user continues to meet the criteria for continuing approval, in addition to any fee payment arrangements would act as a defacto time limit.

Item (5) may be better expressed if it referred to all requirements that a person must comply with, in order to continue to use the Certification Trade Mark.

Item (6) could refer to determining whether approved users continue to comply with the requirements.

Recommendation:

IP Australia agrees in principle with the above submission by the ACCC.

7. Regulation 16.3 - Initial assessment of applications by the Commission

Issue:

The Commission should have a discretion about whether to issue an initial assessment.

Discussion:

In their submissions, the ACCC wrote "The Commission would be prohibited from issuing a final assessment denying a Certification Trade Mark application without first issuing an initial assessment;

On the other hand, where applications do not raise trade practices concerns, we question whether anything is to be gained by issuing an initial assessment.

Having said this, even if initial assessments were not required, we acknowledge that there would be value in seeking the views of interested parties about certain Certification Trade Mark applications before issuing a final assessment (for example, applications which, while not appearing to raise competition and consumer issues, were contentious for some reason). The Commission could do this informally and expeditiously by directly contacting the relevant parties before making a final decision.

An amendment along these lines would expedite the ACCC's assessment of Certification Trade Mark applications which raise no real trade practices issues (and this is likely to be most applications). It would also allow the ACCC to focus more on applications which raise significant trade practices issues, including by undertaking a comprehensive public consultation process. These applications could take some months to assess, but we consider this would be appropriate given the scale of the issues they raise. "

IP Australia does not agree with this view. Initial assessments must be published so that all interested parties have a chance to comment on the relevant certification trade mark. This is a public interest issue.

Consideration could be given to having a certification trade mark section on the IP Australia website. All certification trade marks could have their trade mark number and mark listed when the draft rules are sent to the ACCC. The listing could be updated with the Initial Assessment when it is issued.

The notice of the Initial Assessment, which is published in the Australian Official Journal of Trade Marks, could also include the location of draft rules.

Furthermore where the Rules or the assessment are changed to a large extent, the ACCC should issue a new initial assessment and restart the process. There may be some interested parties who did not put in a submission based on the initial assessment or on the earlier draft of the Rules.

One possible streamlined process could be:

- Rules are sent to Commission
- Commission considers the Rules and consults as appropriate
- Issue the Initial Assessment which is published with the Rules and comments are invited.
- A period of 1 month would commence from the date of publication of the Initial Assessment
 - Where there is no response in that month the Commission will make a decision
 - If a party has notified the Commission of their intention to make a submission in that month
 - The party must file the submission within 2 months of the publication of the Initial Assessment in the *Australian Official Journal of Trade Marks*.
 - The Commission may extend this period where it is reasonable to do so.
 - A person may within that month request a conference
- The Commission must make a decision as soon as practical
 - In doing so, the Commission
 - must consider any submissions
 - must hold a conference where requested by a person and invite all parties who have made written submissions to attend
 - may call a conference, if it believes it is appropriate
 - may issue another assessment

Recommendation:

In the public interest all Initial Assessments must be published so that all interested parties have a chance to comment on the relevant certification trade mark.

8. Competence of approved certifiers

Issue:

The ACCC has expressed a view relating to the requirement in paragraph 175(2)(a) that the Commission, before granting an application, be satisfied that the applicant or the approved certifiers are competent to certify the goods and/or services in respect of which the Certification Trade Mark is to be registered.

Discussion:

The ACCC wrote "Section 175(2)(a) requires that the Commission, before granting an application, be satisfied that the applicant or the approved certifiers are competent to certify the goods and/or services in respect of which the Certification Trade Mark is to be registered.

The ACCC understands the purpose of this provision is to ensure that the Certification Trade Mark does not mislead consumers by being used on goods or by service-providers that the Certification Trade Mark owner has mistakenly assessed as meeting the required standard.

Two points arise. First, it is often difficult for the Commission to assess whether a company, association or individual is competent to make a particular assessment. Generally, we look to see if a body is, for example:

- a well-established and recognised professional or industry association or company; and/or
- backed by government or an established industry or professional association or company.

However, it is not unusual for credible industry players to consider that the main industry association is incompetent (and government worse). In addition, it is possible that Certification Trade Mark applicants may embellish or exaggerate statements of industry or government support. There will also be cases where the applicant is largely an unknown quantity (apart from their own declarations of competence).

Secondly, under regulation 16.6 of the Trade Marks Regulations 1995, the Commission is required to assess whether rules governing the use of Certification Trade Marks are satisfactory having regard to, among other things, unfair practices principles. This essentially requires the Commission to assess whether Certification Trade Marks could mislead consumers. As part of this, we would examine whether Certification Trade Mark applicants were competent. In addition, we would examine, for example:

- whether the eligibility criteria and ongoing requirements in the Certification Trade Mark rules accurately reflect what the Certification Trade Mark is likely to convey to consumers;

for example, if a Certification Trade Mark conveys to consumers that a product is made in Canberra, the eligibility criteria and ongoing requirements

in the Certification Trade Mark rules must also be such as to ensure that the product is actually made in Canberra;

this issue tends to arise more where the Commission considers that a Certification Trade Mark conveys a different message to consumers than what the Certification Trade Mark owner considers it conveys. For example, we might consider that the Certification Trade Mark conveys that a product is of a high quality and is made in Canberra while the owner might consider it merely conveys that a product is made in Canberra;

- whether the processes used to test whether a good or service meets these criteria are adequate; and
- whether processes exist to ensure goods and services continue to meet the criteria (e.g. time-limited certification, periodic audits and inspections of approved users).

Generally, it is not clear to us why competency has been singled out from the range of issues that could potentially be relevant to whether a Certification Trade Mark misleads consumers. Moreover, competency is probably the most problematic issue for the Commission to assess. Given these factors, we consider it preferable for the Trade Marks Act not to explicitly require the Commission to assess the competency of the applicant. The ACCC therefore proposes that the provision be removed, while, of course, retaining the requirement that the Commission assess Certification Trade Mark rules against unfair practices principles."

A certification trade mark is used to indicate that the goods or services, which the mark is used in connection with, meet certain standards or have certain qualities. In order to be granted permission to use a CTM, the potential user must meet certain criteria, which are set out in the Rules. A person who meets those requirements is known as an approved user of the CTM.

It is therefore necessary to ensure that those people who determine whether a potential approved user meets the criteria are in fact competent to judge whether the criteria are met.

Paragraph 173(2)(a) should be amended so that the draft rules are to include the criteria which an approved certifier must meet in order to become an approved certifier. The Commission would be in a better position to judge whether the criteria was appropriate rather than having to judge whether the approved certifiers were competent. Appropriate criteria could include the qualifications and experience required to become an approved certifier and the ability to conduct the required or specified tests.

Recommendation:

Amend paragraph 173(2)(a) to indicate that the rules are to include the criteria a person must meet in order to be approved as an approved certifier.

9. Consultation by Commission

Issue:

The ACCC believes that the Commission should have a discretion about whether to consult interested parties before issuing an initial assessment, or if no initial assessment is issued, before issuing a final assessment.

Discussion:

"The Commission's legal advice is that the existence of regulations 16.3 and 16.4, which establish a public consultation process that takes place *after* the Commission issues an initial assessment, preclude it from consulting interested parties *before* it issues an initial assessment. Effectively, this means that the Commission must rely heavily on information supplied by the applicant in forming a view on whether it should propose that an application be approved. This biases the process towards positive initial assessments.

Under regulation 16.3, the only mechanisms for inviting comments in response to an initial assessment are:

- notices sent by the Commission to applicants; and
- advertisements in the Official Journal.

The Commission is unable to directly invite interested parties – for example, relevant industry and consumers groups – to lodge submissions. Moreover, these groups are unlikely to routinely read the *Official Journal* (indeed, we have not received a single response to an initial assessment advertised in the *Official Journal* at least since the beginning of 2001).

The result is that parties with an interest in a certification trade mark application may be unaware that the application exists and may therefore be excluded from the consultation process. As well as being procedurally unfair to these parties, this means the Commission may not be provided with information that is highly relevant to whether an application should be approved or not. "

As discussed above in Recommendation 7, the Commission should always issue an Initial Assessment. The Commission should be able to consult relevant parties at any stage in their process of considering and reviewing Rules for certification trade marks.

Recommendation:

The Commission should have a discretion to consult interested parties at any stage in the process.

10. Regulation 16.3 - Initial assessment of applications by Commission

Issue:

Where an initial assessment is not published, the Commission would be required to send initial assessments to all parties which it considers have an interest in the relevant certification trade mark application and invite submissions.

Recommendation:

As stated above, an initial assessment should be issued in every case. The Commission should also send a copy of initial assessments to any interested parties of whom they are aware.

11. Commission deadlines

Issue:

The Commission should determine deadlines within which interested parties (at any stage in the process) would be required to lodge submissions (ie the TM Regulations should remain silent on this issue).

Discussion:

The ACCC wrote "Even where interested parties are aware of a certification trade mark application, regulation 16.3 requires them to lodge written submissions within one month of an initial assessment being advertised in the *Official Journal*. However, many industry and consumer groups must conduct internal consultation processes before finalising a submission and these processes may take several weeks to complete. In addition, many groups (particularly consumer groups) have limited resources, meaning that they may not be able to immediately devote time to preparing a submission. There have also been cases where submissions have been lodged only one or two days after the expiry of the one-month period, meaning they were unable to be considered by the Commission. In light of these difficulties, a fixed one-month period in which to lodge submissions seems onerous. "

We recognise the desire of CTM applicants and the Commission to conclude the approval process speedily however, in the public interest it is important that all submissions are considered. It is considered appropriate that the one month period should be extendible where the Commission considers it reasonable to do so.

Recommendation:

The Commission should have the discretion to extend deadlines and set time frames as long as each deadline is no less than 1 month.

12. Calling a Conference

Issue:

The right of interested parties to call a conference in response to an initial assessment should be maintained. However, interested parties would be required to exercise this right within 14 days (rather than one month as at present).

Discussion:

The ACCC wrote "Most if not all interested parties are familiar with the ACCC's Authorisation process, which our current legislation was based on. They are used to the 14 day period for requesting a conference and generally do not appear to have any problems meeting that time. Where the Commission directly contacts the relevant parties this is not an issue and would speed up the process regarding certification trade marks."

When the Rules relating to certification trade marks are being considered, it is likely that at least some relevant parties will not be aware of the Commission's processes. A 14 day period is therefore not appropriate. Where people are not familiar with the Commission's authorisation process, they will need the full month to consider the issue and to decide whether or not to request a conference. If they are working through an attorney this could also take some time. Also most time periods under the *Trade Marks Act 1995* are at least one month, so although ACCC users are accustomed to a 14 day time period, Trade Marks Office users are accustomed to time periods of at least 1 month.

Recommendation:

The one month period should remain. No further action.

13. Holding of Conference

Issue:

The ACCC proposes the deletion of regulations 16.4(2) and (4) as these regulations largely mirror each other.

Discussion:

"Regulations 16.4(2) and (4) set out tasks the Commission would do in the ordinary course of events anyway. The concern we have with setting these tasks out in a detailed way in the regulations is that it opens up the possibility that a Commission decision could be overturned because a court considered, for example, that the Commission did not provide an interested party with a 'reasonable' opportunity to express their views at a conference. Clearly, minds may differ on what constitutes a 'reasonable' opportunity. While we concede that it would be rare for a Commission decision on a certification trade mark to be challenged in court, we consider it prudent to take the opportunity now to minimise the possibility of a decision being overturned on a technicality, particularly where the relevant provision is arguably unnecessary in the first place. I would add that the same argument could be made in support of removing regulation 16.3(4)(c) and (d)."

We are not sure that removing the provision is likely to reduce the risk of a decision of the Commission being overturned by a court. Without the current provisions, the Commission would need to follow the principles of natural justice - giving a person a right to be heard - which these regulations inherently include. The decision process would still be open to review by the court. Additionally, the court may decide that the Commission's usual practice was not appropriate in a particular case and add further uncertainty to the process.

Recommendation:

No further action.

14. Section 178 Variation of Rules

Issue:

The process for assessing variations to rules governing the use of certification trade marks should be streamlined.

Discussion:

The ACCC wrote, "The majority of requests for variation of rules involve little more than a change of name or address. The ACCC proposes that the process for assessing variations to rules governing the use of certification trade marks and assignments of certification trade marks be:

- ◆ If the variation to the rules was a minor change only eg change of name or address:
 - an initial assessment would not be issued;
 - the variation would be approved without added processing.
- ◆ If the variation to the rules was more than a minor change:
 - an initial assessment would only be issued if the initial assessment was adverse;
 - the Commission would have a discretion about whether to consult interested parties at any stage before issuing a final assessment;
 - the Commission would be required to send initial assessments to all parties which it considers have an interest in the relevant certification trade mark variation and invite submissions;
 - the Commission would allow determine deadlines within which interested parties would be required to lodge submissions (ie the Regulations should remain silent on this issue); and
 - the right of interested parties to call a conference in response to an initial assessment would be maintained. However, interested parties would be

required to exercise this right within 14 days (rather than one month as at present). "

Where a variation is minor, such as a change of name or address, it is not necessary to follow the usual process before approving the variation to the Rules.

However any other variation should follow the normal process, with publication of an initial assessment, consultation as required and the right to request a Conference. The periods for requesting a Conference or for lodging submissions should remain at one month. Regulation 16.8 will continue to apply, however regulation 16.9 should be made discretionary so that the Commission does not have to issue an initial assessment when processing limited minor changes.

As mentioned above time limits under the *Trade Marks Act 1995* are usually at least one month, not 14 days as is the Commission's practice. Therefore trade mark users are accustomed to periods of at least one month.

Recommendation:

Where the variation is only minor, such as a change of name or address, it is not necessary to follow the usual process before approving the variation. Any other variations should follow the current process.

Regulation 16.9(1) should be amended so that the initial assessment is not mandatory where the changes are minor and will be at the discretion of the Commission. A list of what is considered to be a minor variation will be included in the Regulations.

Time periods should remain at one month.

15. Availability of Rules governing the use of certification trade marks

Issue:

The ACCC has queried whether Draft Rules sent to the ACCC are confidential or whether they can be released to other people for comment.

Discussion:

Essentially, the issue is whether or not proposed rules governing the use of a CTM submitted to the Commission are confidential. On one hand, it would seem odd if they were, as this would make the consultation period a bit meaningless as people would have nothing to comment on. On the other hand, a concern has been expressed that they are confidential as there is, strictly speaking, nothing in the Act and/or Regulations that makes the Draft Rules public documents.

Part 16 of the *Trade Marks Act 1995* requires the Commission to make an initial assessment of the Draft Rules and interested parties may make submissions or request a conference within one month of publication of that assessment in the *Australian Official Journal of Trade Marks*. The Commission also consults relevant bodies before making the initial assessment. These bodies and interested parties need to have access to the draft Rules in order to make informed comments.

Recommendation:

A provision should be inserted which would allow the ACCC to make copies of the Draft Rules available where appropriate to relevant bodies and also upon request after publication of the initial assessment in the *Australian Official Journal of Trade Marks*.

PART 17A - Protected International Trade Marks under the Madrid Protocol

16. Regulation 17A.12 - Translation

Issue:

Regulation 17A.24 - A provisional refusal during examination cannot be issued in relation to a lack of a translation on accompanying the International Registration Designating Australia.

Discussion:

Section 33 provides that an application cannot be accepted unless it is in accordance with 'this Act' which means it must be in accordance with the Act and the Regulations. The equivalent provisions of Part 17A of the Trade Mark Regulations, regulations 17A.12 and 17A.24 are limited to the requirement that the IRDA must be 'in accordance with this Division' and are therefore not as broad as section 33. For example translations, which are required on national applications under subregulations 4.3(5) and (6), are not referred to in the Part 17A regulations.

Under Rule 9 (4)(a)(xii) of the Common Regulations to the Madrid Protocol, a transliteration is required to be included on the international application where 'the mark consists of or contains matter in characters other than Latin characters or numbers expressed in numerals other than Arabic or Roman numerals.' This is similar to regulation 4.3(6)(a) of the Trade Marks Regulations.

A problem arises regarding translations of non-English words in trade marks. Rule 9 (4)(b)(iii) of the Common Regulations provides that the international application may also contain a translation of words into English. This is not mandatory however and the International Bureau advises that it "is at the option of the applicant, and is intended to forestall requests for a translation by the Office of a designated Contracting Party. The International Bureau will not check the accuracy of any translation of the mark, nor will it question the absence of a translation or provide a translation of its own."

The Part 17A Regulations do not require a translation to be provided. This is an oversight.

The holder of an IRDA which contains or consists of a non-English word should be required to provide a translation of such word/s in the same manner as a person who files direct with IP Australia. An amendment is therefore recommended to insert a provision similar to subregulation 4.3(5).

Recommendation:

Include a new regulation in Part 17A of the Regulations so that the Registrar may require the holder of an IRDA, which contains or consists of a non-English word to provide a translation of such word/s.