

7 April 2015

Mr Sean Applegate
IP Australia
PO Box
Woden, ACT,

By email: consultation@ipaustralia.gov.au

Dear Mr Applegate,

RE: Submission in response to IP Australia's Proposals to streamline IP processes and support small business

We refer to the public consultation paper recently released by IP Australia that proposes a number of reforms to the existing IP system for the purposes of streamlining processes and supporting small business.

In accordance with IP Australia's invitation for written submissions on the proposals, we offer our comments below which address the main issues identified by us.

Our Practice

mdp Patent and Trade Mark Attorneys in association with mdp McDonald Partners, Lawyers and Commercial Advisors ("MDP") is a Melbourne-based practice that represent the intellectual property interests of local and international clients seeking to register and enforce their intellectual property in Australia and abroad.

MDP's clients have commercial interests across a variety of technologies and include individuals and SMEs through to international corporations. In representing our clients commercial interests, MDP has a unique insight into the manner in which intellectual property protection can provide value to a business, as well as the manner in which the various intellectual property systems around the world administer these rights.

The comments provided below are based upon MDP's direct experiences in dealing with our client's IP issues as well as MDP's experiences practicing before various international intellectual property offices to secure foreign IP rights on behalf of our clients.

General Comments on IP Australia's proposals

In general, MDP supports the overall objective of the proposed changes and sees considerable value and merit in updating and streamlining the existing processes and procedures undertaken by IP Australia in the day to day administration of the IP System.

With the introduction of an online system (eServices) for electronically communicating with IP Australia in relation to the various aspects of patent, trade mark, design and PBR applications, MDP welcomes any attempts by IP Australia to improve the efficiency of the service and to remove any unnecessary complexity. In this regard, all improvements ultimately benefit MDP's clients by ensuring that the service that MDP provides is as complete and cost effective as

possible.

That being said, due to the importance of Australia's IP system in encouraging innovation and investment in Australia and supporting local researchers and businesses in maximizing return on their investment in innovation, it is important that any proposed changes to the IP system are based on solid reasoning and offer a clear advantage over maintaining the status quo.

In this regard, we would like to make a general comment about the reference made in the overview of the report to the existence of delays in a number of IP processes administered by IP Australia. The report specifically states that such delays "*..lead to prolonged periods of uncertainty over the freedom to operate in a particular market..*" and that "*..Businesses can incur significant costs due to lost opportunities and having to adopt alternative strategies*". However, as is so often the case when reviews of the IP system are undertaken, the benefits that some delays can provide to users of the IP systems are generally overlooked.

Taking the patent system as an example, it is true that the provision of an 18 month non-publication period for all standard patent applications is a delay that can result in considerable uncertainty for business seeking to conduct a freedom to operate search in a particular market. By not publishing an application until 18 months after the priority date of that application, any patent application filed in the previous 18 months will not be located in any search initiated by a business seeking some certainty as to whether they have freedom to operate in a particular market. However, such a delay in publication is a result of Australia meeting its international convention obligations and is not part of the present review.

The feedback we regularly receive from our clients, particularly those familiar with the patent system, is that some delays in the system can provide an opportunity for the client to delay costs and manage budgets whilst maintaining protection in their markets of interest. Provided that there is an option for users of the systems to speed-up, or expedite, the process if desired, the provision of delays in the various IP processes provides users of the IP systems the ability to fully explore markets and commercial possibilities prior to committing and incurring significant IP expenses. Hence, by viewing delays as only a negative by-product of the IP system and something to be avoided at all costs, it is possible that changes may be introduced under this proposal that may harm and discourage innovation and investment by providing researchers and businesses with a system that does not allow for flexibility and risk analysis prior to commitment of significant costs associated with the IP system.

With this in mind, we provide our comments on the various submissions as set out below:

Proposals:

Proposal 1 (Part C)

IP Australia plans to cease its current practice of issuing renewal reminders to trade mark owners who are represented by IP professionals. We are of the view renewal reminders play an important role in the maintenance of trade mark registrations and should continue to be issued to all trade mark owners, whether represented by agents, annuity firms or otherwise.

Our main concern regarding this proposal relates to the predominance of hoax invoices plaguing the trade mark world. This is both a domestic and international problem acknowledged by IP Australia (see: <http://www.ipaustralia.gov.au/ip-infringement/unsolicited-ip-services/>) and other international trade mark organisations, such as INTA (see: <http://www.inta.org/INTABlog/Lists/Posts/Post.aspx?List=9a1fdb80-62da-4720-a112-fc18b702a6a1&ID=89&Web=0fb56cf4-9edf-418b-99ee-26f7c848995c#.VSNTXdyUfJA>). In our firm, when notifying a client of an upcoming deadline, our practice is to attach a copy of the IP Australia renewal reminder. Providing the client with a copy of the IP renewal reminder distinguishes our notification from hoax invoices, helps to legitimise our correspondence and connects the client with IP Australia's processes. This formality is required in a system where

trade mark registers and applicant details are readily available (and vulnerable to misuse) online.

Proposal 6

IP Australia intends to remove the requirement to publish Official Journals. Currently, the Official Journals are the only place where trade mark owners/agents can 'browse' information about IP rights and determine whether to take action. For instance, it is not uncommon for an agent to 'browse' the Official Journals for developments that might affect their client. This is quite different to searches of ATMOSS which may be targeted at particular marks/patents, applicants, timeframes or classes of goods/services (in the case of trade marks). The Official Journals provide a single repository where critical developments in the life of an IP right are recorded and made available for public inspection. Given the Official Journals play an integral role in the enforcement of IP rights (e.g. an opportunity to oppose applications that are advertised in the Official Journals following acceptance), we urge IP Australia to maintain the Official Journals for all four IP rights.

Proposal 7

IP Australia intends to amend legislation to allow applicants and IP owners to make various amendments online, such as amending applicant details and agent address details. Whilst we agree that the need to correct an obvious error in a specification or change agent/applicant addresses or applicant details requires a dedicated action by the agent or applicant that needs to be formally processed by IP Australia, we maintain that in order to ensure the integrity of the documents on record, there needs to be some form of recordal and data capture, that reviews the changes and assesses their legitimacy.

As the entitlement of an applicant/inventor to the invention is fundamental in assisting the validity of a patent, we believe that it is important that IP Australia maintain the system whereby an amendment is first requested by an applicant or their agent, after which it is assessed for legitimacy before the amendment is actually made. Any proposal that bypasses the assessment process of a proposed amendment prior to recordal will only result in an IP system that has compromised integrity, and we would oppose such a proposal.

Proposal 9

IP Australia intends to amend legislation to remove the requirement for IP Australia to issue certificates of registration or grant. We strongly oppose this proposal. Whilst the move to e-Services and enhancements to online platforms (such as ATMOSS) continue to create welcome efficiencies, in our view the total removal of certificates of registration or grant goes one step too far and is an unwelcome proposition.

At a fundamental level, a certificate of registration or grant represents the applicant's registered IP right – something that is celebrated and often achieved after considerable financial and personal investment. In our view, the value that attaches to a certificate of registration or grant should not be underestimated; many applicants' proudly display such certificates either on the walls of their workplaces or in a dedicated portfolio. Such displays represent the milestones in a business' journey and act as a motivator for future innovation and creativity.

On the international stage, it is important that we can provide clients and/or their instructing attorneys with certificates of registration or grant once an IP right is registered. This exchange has the same sentimental value described above, but also demonstrates the value with which Australia attributes IP and the protection of IP rights. Other countries (China for instance) place great pride in their certificates of registration or grant and we consider this should be reciprocated by the issuance of our own national certificates in which we place a similar sense

of importance. If not printed certificates (which is our preference), we encourage IP Australia to at least issue electronic certificates.

Proposal 14

IP Australia plans to reduce the timeframe for acceptance of a trade mark from 15 months to 6 months. In our view, 6 months is an insufficient timeframe for getting an application in order for acceptance. This is particularly so where applicants must overcome s 41 (Trade mark not distinguishing applicant's goods or services) and/or s 44 (Identical etc. trade marks). In these circumstances, it may be necessary to do one or more of the following:

- file written submissions in support of the application;
- prepare and file evidence of factual distinctiveness;
- prepare and file evidence of honest concurrent use;
- prepare and file evidence of prior use;
- apply to remove an existing registration on the basis of non-use;
- obtain consent and/or negotiate co-existence with the owner of a cited mark.

If only 12% of applicant's require more than 6 months to get their application in order for acceptance, than the current 15 month acceptance deadline cannot be placing an unnecessary burden on competing Australian businesses. This 15 month period is critical however for those applicants who face complex objections, particularly in circumstances where they are based overseas. Overseas applicants face the added delay of liaising with local and international agents, achieving cohesiveness across their international trade mark portfolios and understanding Australian trade mark laws. As an example, we have a Scottish based client who has required:

- a) the original 15 month acceptance period;
- b) a 6 month deferment period; and
- c) a 6 month extension of time

in order to develop and execute a plan for overcoming some 20 citations raised against the Australian designation of its International Registration. Even after utilising all of the above available time periods, our client through no fault of its own, will still be pushed to meet the current acceptance deadline.

Whilst our preference is that the 15 month period remains, an alternative may be to adopt a 12 month acceptance deadline, which would bring Australia into line with New Zealand and other timeframes currently existing within other Australian IP frameworks (e.g. the acceptance deadline for a patent application is 12 months). As an aside, we note that IP Australia's current practice of requiring a response at least four weeks prior to the acceptance deadline, reduces the applicant's acceptance deadline by at least one month. For a number of reasons we consider this practice is unjustified (i.e. it is not legislated for, nor is it covered in the *Trade Mark Regulations 1995*), inconvenient (it is difficult to explain to clients and overseas agents) and inconsistent with the practice of other countries (we are not aware of any other country that employs this system). We urge IP Australia to abandon this proposal.

Proposal 15

IP Australia intends to amend the Designs Act to remove the option of publication. We disagree with this proposal and consider that the option to publish a design, whilst not commonly adopted by users of the system, is an important defensive strategy that should be available to all users of the system.

In reviewing the proposal put forward by IP Australia, we have considerable problems with the suggestion proposed, namely that, "*Those businesses that would have selected publication could have their application published by the application proceeding to registration.*" Clearly, such a solution would result in IP Australia registering invalid designs that would only discourage innovation and investment and increase confusion and uncertainty to businesses.

As only 5 out of over 62,000 applications have requested publication, we consider that maintaining the option of publication does not create any unnecessary burden on IP Australia's existing resources and should be maintained as an option for all applicants.

Proposal 17

We support IP Australia's proposal to replace "groundless" threats with "unjustified" threats in s 129 of the *Trade Marks Act 1995*, to align with the corresponding provision in the *Patents Act 1990* and *Designs Act 2003*. However, in the case of all acts, we ask IP Australia to consider amendments that address the definition of when a threat is considered to be 'justified'. We are concerned that IP rights holders err against alleging infringement (be it patent, trade mark, copyright or design) for fear of facing an 'unjustified' threats action, simply because the legislation (and resulting case law), does not make it clear when a threat is justified. We agree that makers of blatant and unjustified threats (e.g. alleging patent infringement before a patent right has issued), must be held accountable for their actions, but not at the expense of IP owners legitimately attempting to enforce their rights.

Conclusion

In providing the above comments, MDP requests that the comments be taken into consideration by IP Australia prior to releasing the draft bill of legislative changes for public comment in mid-2015.

Should IP Australia require any clarification of any of the comments provided above, please do not hesitate to contact us.

Yours sincerely

mdp Patent and Trade Mark Attorneys Pty Ltd



Gavin Doherty
Patent Attorney