

Public Consultation: Trade mark divisional applications and the introduction of division of International Registrations

August 2017



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Introduction

This paper discusses proposed amendments to *Trade Marks Act 1995* ('the Trade Marks Act') and the *Trade Marks Regulations 1995* ('the Trade Marks Regulations') to introduce a new process for dividing International Registrations Designating Australia ('IRDAs'), and consequential proposals to amend the existing practice in Australia for dividing domestic trade mark applications.

Dividing a trade application allows goods and/or services that may be acceptable for registration to be separated out from problematic goods and/or services. The purpose of dividing the application is so that the acceptable goods and/or services can proceed to acceptance or registration while the applicant continues to prosecute the remaining problematic goods and/or services.

The discussion paper is in two parts.

- Part 1 discusses proposed amendments to Australia's legislation to allow for the introduction of division of IRDAs. It also outlines how the existing domestic divisional practice will be changed to align where possible with the proposal for division of IRDAs. IP Australia seeks to ensure that the process for requesting a divisional for both domestic applicants and holders of IRDAs is aligned as much as possible, while at the same time minimising the risk of unintended consequences.
- Part 2 of the paper discusses mergers for both IRDAs and domestic trade mark registrations. Mergers, if introduced in Australia, would allow divided IRDAs to be merged back into one IRDA or divided trade mark applications to be merged back into one single application or registration. IP Australia currently has no plans to introduce mergers, but is seeking further information from stakeholders about whether they would use such a facility, should it become available in the future.

The purpose of this paper is to encourage discussion and seek views on the proposed amendments.

IP Australia invites interested parties to make written submissions in response to the questions presented in this paper by **Friday, 17 November 2017**.

IP Australia will consider the submissions, and undertake further consultation during the legislation drafting process.

Written submissions should be sent to consultation@ipaaustralia.gov.au.

For accessibility reasons, please submit responses by email in Word, RTF, or PDF format.

The contact officer is Lisa Bailey, who may be contacted on (02) 6222 3695, or via email on Lisa.Bailey@ipaaustralia.gov.au.

This paper is also available at:

<https://www.ipaustralia.gov.au/about-us/public-consultations>

Submissions should be received no later than 17 November 2017.

Privacy Notice

Personal information is collected during this public consultation for the purposes of gaining stakeholder insights and comments on the proposed amendments to the Intellectual Property Rights legislation and regulations, and is protected by the *Privacy Act 1988*.

Your submission, along with any personal information you provide as part of that submission, will be published on IP Australia's website. Information published online may be accessed world-wide, including by overseas entities. Once the information is published online, IP Australia has no control over its subsequent use and disclosure.

If you would prefer that your submission, or any part of your submission, not be published on our website, please notify IP Australia in writing, clearly identifying that the whole submission is confidential or the particular parts of the submission you consider to be confidential. IP Australia will not publish any submission or part of a submission that you have marked as confidential.

Your submission, including any personal information you provide, may be disclosed to the relevant Ministers and their offices, the Department of Industry, Innovation and Science and other Commonwealth government agencies, for the purpose of briefing on the results of the consultation in general and/or about specific issues on which you have commented. This disclosure may occur whether or not your submission has been marked as confidential. Where contact details are provided, IP Australia may also contact you by telephone or email to discuss your submission.

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- IP Australia's privacy contact officer details.

By making a public submission, you provide your consent to your personal information being handled in accordance with this privacy notice and the IP Australia Privacy Policy.

Part 1: Introduction of division of International Registrations, and alignment of the process for domestic divisional applications

Madrid Protocol to allow division of International Registrations

Australia is a member of the *Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks* ('Madrid Protocol'). The Madrid Protocol is a treaty providing for the international registration of trade marks. The Madrid Protocol is administered by the World Intellectual Property Organisation ('WIPO'). As a member of the Madrid Protocol, Australia receives International Registrations Designating Australia ('IRDAs'). The examination of IRDAs is governed not only by the relevant Australian Legislation including the Trade Marks Act and the Trade Marks Regulations, but also by the Madrid Protocol and the *Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement* ('the Common Regulations').

Currently the Madrid system does not provide for international registrations including IRDAs to be divided. This has been a focus of discussion at a number of meetings of the Working Group on the Legal Development of the Madrid System for the International Registration of Marks ('the Madrid Working Group'). In 2016, the Madrid Working Group recommended changes to allow an international registration to be divided. A new Rule 27bis will be inserted into the Common Regulations, setting out the requirements should a holder choose to request the division of an international registration.

The changes to the Common Regulations were approved in October 2016 by the Madrid Union and will come into force on 1 February 2019.¹ Because Australia offers divisional applications in our domestic trade mark system we have an obligation under international commitments to offer the division of IRDAs.

Proposed process for requesting division of an IRDA

IP Australia is proposing to implement the division of IRDAs in accordance with Rule 27bis(1), as set out below.

Under Rule 27bis(1), the holder must send the request to divide the international registration in respect of a designated contracting party to the office of that contracting party (in this case, IP Australia). The office of the contracting party is required to check the request meets its national law regarding division, including any applicable fees. For Australia, provisions in the Trade Marks Act and Trade Marks Regulations apply. Once the office of the contracting party is satisfied that the request meets the requirements of its national law regarding division, it will forward on the request to the International Bureau at WIPO.

¹ Special Union for the International Registration of Marks (Madrid Union), *Report of the Madrid Union on its Fiftieth (29th Extraordinary) Session, Held in Geneva from 3 to 11 October 2016*, WIPO Doc MM/A/50/5, Paragraph 22(iii) (16 December 2016).

WIPO's role

The role of the International Bureau is to check that the request meets the formality requirements set out in Rule 27bis(1) and (2). These are that the request sets out:

- The contracting party of the office presenting the request
- The name of the office presenting the request
- The number of the international registration
- The name of the holder
- The goods and/or services to be set apart (i.e. divided)
- The requisite fee of 177 CHF has been paid
- The request is signed by the office presenting the request

If all of these requirements have been met then division of the international registration ('Madrid divisional') will occur in respect of the designated contracting party.²

The Madrid divisional will have the same international registration number as its parent international registration but will also feature the next available capital letter.³ The Madrid divisional will be recorded on the International Register and notified to the designated contracting party.

If the above requirements have not been met, the International Bureau will issue an irregularity letter and any irregularity must be resolved by the holder within three months otherwise the request will be considered abandoned.⁴

Timeframes and Status

It is proposed that the creation of a Madrid divisional would not lead to a new date of effect or a new refusal period before the International Bureau.⁵ The Madrid divisional would have the same date of effect as the parent international registration (i.e. it would have the same registration date as the parent international registration).⁶

It is also proposed that the Madrid divisional would have the same status as the parent international registration. Any provisional refusal recorded against the parent international registration would also be recorded against the Madrid divisional where applicable. The Madrid divisional and its parent international registration would remain provisionally refused until the office of the contracting party sends a statement under Rule 18bis or Rule 18ter of the Common Regulations.⁷ Depending on the case the office may send a statement under these rules on its own initiative, or the holder may need to communicate directly with the office to resolve any outstanding issues before a statement under these rules can be sent. This process follows the same principles for the creation of a new international registration following a partial change of ownership.⁸ IP Australia's preferred position is to extend protection where there are no grounds for rejection or opposition.

² Working Group on the Legal Development of the Madrid System for the International Registration of Marks, *Proposal for the Introduction of the Recording of Division and Merger Concerning an International Registration, Fourteenth Session, Held in Geneva from 13 to 17 June 2016*, WIPO Doc MM/LD/WG/14/3 Rev., Paragraph 7 (25 April 2016).

³ Working Group on the Legal Development of the Madrid System for the International Registration of Marks, *Report of the Working Group on its Fourteenth Session, Held in Geneva from 13 to 17 June 2016*, WIPO Doc MM/LD/WG/14/7, Paragraph 296 (20 February 2017) ('*Report of the Working Group on its Fourteenth Session*')

⁴ *Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement*, Rule 27bis(3)(b) (Comes into force 1 February 2019).

⁵ *Madrid Divisionals Proposal 2016*, WIPO Doc MM/LD/WG/14/3 Rev., Paragraph 20.

⁶ *Madrid Divisionals Proposal 2016*, WIPO Doc MM/LD/WG/14/3 Rev., Paragraph 20.

⁷ *Ibid.*

⁸ *Ibid.*, Paragraphs 19-20.

Division of Goods and Services

Under Rule 27*bis*(1) a Madrid divisional can be for ‘some only of the goods and services’ of the parent international registration. This wording is similar to the wording of subsection 45(1) of the Trade Marks Act. However, unlike the Australia’s domestic situation, there is no requirement under Rule 27*bis* that the parent international registration be amended to exclude the goods and services of the Madrid divisional. This is appropriate, as the division of the international registration is only in relation to the designated contracting party and not the overall international registration.

In order to prevent duplication when dividing IRDAs, IP Australia is considering options for effectively removing goods and services which form part of the Madrid divisional from the parent IRDA. As an example, if the parent IRDA contained *clothing, footwear and headgear* in Class 25 and the holder decided to request a Madrid divisional which contained *jeans* in Class 25 it would meet the ‘some only of the goods and services’ requirement because *jeans* are a subset of the broad Class 25 item *clothing* included in the parent IRDA. Further, the parent IRDA may be amended to remove or exclude *jeans*.

Australian process for division of domestic applications

Current provisions under the Trade Marks Act allow for domestic trade mark applications to be divided. An application may be divided at any time while the application is pending. As noted in the introduction, dividing an application allows the problematic goods or services to be separated out from those that may be acceptable, allowing one application to proceed to acceptance or registration while prosecution of the other application continues. The divided application retains the filing date of the parent, and is also able to claim the parent’s earlier convention priority, if applicable. A divisional application cannot cover all of the original goods and services of the parent, as it must be for some only of the goods and services in respect of which registration is sought under the parent application⁹. With some exceptions, the goods and services in the divisional application must simultaneously be excluded from the parent application¹⁰.

IP Australia is planning to change the domestic trade mark divisional application system so that it aligns with the proposed changes to introduce the division of international registrations. This is important as it will ensure equal treatment across both systems. It will also assist customers by harmonising the law, practice and administration with that of Australia’s major trading partners, ensuring the systems are simple and easy to use, both within Australia and for those who are applying for trade mark protection overseas.

However, the primary reason for the change is to ensure that the domestic system for divisional trade mark applications is used for its intended purpose, which is to enable applicants to achieve early resolution of the parts of their trade mark applications for which there are no grounds for rejection. This removes delays that would otherwise occur where there are grounds for rejection of the trade mark application in relation to some of the goods and services for which the application was made. The trade mark owner is able to achieve early resolution of the trade mark for the goods and services where there are no grounds for rejection identified, and can continue to gather evidence, prepare submissions and prosecute their case in relation to the goods and services where grounds for rejection have been identified.

⁹ See *Trade Marks Act 1995* (Cth) s.45.

¹⁰ See *Trade Marks Act 1995* (Cth) s.46.

Proposed changes for the alignment and improvement of domestic divisional applications

Timeframes and multiple generations of divisionals

Currently, the Act provides for a divisional application to be examined in the same manner as the parent, which means that a report is issued allowing the applicant a new period of 15 months to respond to any grounds for rejection. This provision, together with a further provision that a parent application may itself be a divisional application¹¹, has allowed some applicants to use the divisional facility simply to replicate and perpetuate their trade mark application on the trade mark database, with its early priority date, even though the original parent application may have been subject to major grounds for rejection, or even subject to refusal after opposition. This behaviour is inequitable from the perspective of other traders and is not in the public interest. It is not use in the spirit of the purpose of the provision and it contributes to ‘cluttering’ of the trade marks database.

As described above, WIPO’s proposal for Madrid divisionals does not provide for a new refusal period before the International Bureau. The timeframes are able to remain the same because the Madrid divisional will have the same status as the parent, and any provisional refusal recorded against the parent will also be recorded against the Madrid divisional. This process will encourage applicants for Madrid divisionals to move quickly to prosecute and finalise their right, ensuring that the essential purpose of dividing the IRDA is satisfied.

IP Australia therefore proposes to adapt domestic divisional application processes to align with the above. That is, the Act and Regulations will be amended so that there will no longer be a requirement that a new divisional application be separately examined and reported on by the Registrar, and afforded a new 15 month acceptance period. Instead, at filing, key dates for the domestic divisional application will match those of the parent application (i.e. the final date for acceptance of a domestic divisional application will be recorded as being the same as the acceptance date of its parent).

The status of the parent will be automatically carried over to the child and any grounds for rejection and/or opposition raised against the parent will also apply to the child, where appropriate. Depending on the case IP Australia may accept the trade mark on its own initiative, where no grounds for rejection remain following a division, or require the applicant to resolve any outstanding issues. IP Australia’s preferred position is to accept or register a trade mark where there are no grounds for rejection or opposition.

By implementing the above proposal, IP Australia hopes to harmonise domestic and Madrid divisional processes, and at the same time to reduce the problems associated with the use of the current domestic system outlined above. It will also align IP Australia’s practice with the practices of other like-minded trade mark offices.¹²

It will still be possible to file further generations of divisional applications, but prosecution of all divisional ‘offspring’ will be tied to the key dates (e.g. acceptance period) of the parent.

This proposal would still allow the domestic system for divisional trade mark applications to be used for its primary purpose, which is to enable applicants to achieve early resolution of the parts of their trade mark applications for which there are no grounds for rejection. Applicants can continue to gather evidence, prepare submissions and prosecute their case in relation to the goods and services for which grounds for rejection have been identified, for the remainder of the 15 month acceptance period.

¹¹ See *Trade Marks Act 1995* (Cth) s.45(2).

¹² In particular the practices of the United Kingdom Intellectual Property Office, the Intellectual Property Office of New Zealand, the Intellectual Property Office of Singapore and the United States Patent and Trade Mark Office.

Separation of goods and services of ‘parent’ and ‘child’

IP Australia has identified difficulties with the current domestic divisional application process with regard to separating the goods and services of ‘parent’ and ‘child’, to ensure that they do not overlap, as required by the legislation. Broad original statements and ambiguous claims make this task complicated, time-consuming, and potentially inaccurate, which in turn has the potential to invalidate the new application.

The requirements for Madrid divisionals in new Rule 27*bis*(1) outlined earlier in this paper are that the new application nominates the goods and services to be ‘set apart’ from the parent. IP Australia proposes that, for Madrid and domestic divisionals alike, the requirements for the goods and services in the child be that they comprise a subset of those covered by the parent, and that this subset be removed or excluded from the parent. IP Australia is investigating ways to streamline this practice, in order to reduce the difficulties currently experienced by users of the domestic divisional application system in attempting to effectively separate the two sets of goods and services into those of the parent and those of the child.

IP Australia expects that domestic applicants will benefit from a more streamlined practice for differentiation of divisional goods and services, because it will simplify the process and lead to a reduction in numbers of requests not meeting the requirements for a valid divisional application.

Harmonisation of fees

WIPO proposes that there will be a fee of 177 Swiss francs to record a request for the division of an international registration. This fee will be charged by WIPO, so it is proposed the holder will pay this fee directly to WIPO. This amount takes no account of numbers of classes contained in the divided IRDA, or work undertaken by IP Australia. Current fee requirements for domestic divisional applications, however, specify payment per class, in line with general application fees.

IP Australia will consider its fee structure for Madrid divisionals and domestic divisional applications, with the aim of bringing the fees into alignment where possible.

Proposed legislative changes to effect the above proposals

The Trade Marks Act, particularly Part 4, will need to be amended for the above proposals to take effect. Additionally, the Trade Marks Regulations, in particular Part 17A, will also need to be amended. IP Australia expects that there may be various consequential amendments to the legislation flowing from our proposal to cease treating domestic divisional applications as separate applications requiring separate examination, in line with WIPO’s proposal for Madrid divisionals.

IP Australia will undertake further consultation in the drafting of the amendments to the legislation.

Questions for Part 1:

- TM1.1 Is there anything in the Part 1 proposal that you believe might be unworkable? If so, please suggest improvements.
- TM1.2 Can you foresee any scenarios that would be problematic under the Part 1 proposal?
- TM1.3 Where do you see benefits and costs for users of the trade mark system as a whole arising in this process?
- TM1.4 Do you have any other general observations to add?

Part 2: Mergers

Background

Currently under Australian Trade Mark Law, Australia does not provide for a divisional trade mark to be merged back with its parent at a later stage should both proceed to acceptance or registration.

However, a request can be made to link applications or registration lodged or registered before 1 January 1996 if certain conditions are met.¹³ Prior to 1 January 1996 a trade mark could only be applied for and registered in a single class. From 1 January 1996, multi-class applications were allowed and the linking provisions allow trade marks filed and registered before then to enjoy the same benefits.

A request can also be made to link series trade mark applications and registrations filed or registered before 27 March 2007, if certain conditions are met.¹⁴ Prior to 27 March 2007 series trade marks could only be applied for and registered in a single class. From 27 March 2007, series trade marks could be applied for and registered in multiple classes. The linking provisions for series trade marks allow series trade marks filed before 27 March 2007 to enjoy the same benefits as multiple class series applications.

The changes to the Common Regulations discussed above will also introduce a new Rule 27ter which would allow the holder of a Madrid divisional to request that it be merged back with its parent IRDA. Because Australia does not currently allow for a divisional trade mark to be merged back with its parent in our domestic trade mark system, we would not have an obligation under our international commitments to offer mergers for IRDAs. However, there may be some benefits of introducing mergers for trade mark applications in the future. In particular, merging these applications means the owner only needs to renew one trade mark rather than multiple trade marks, saving time and costs for applicants.

While IP Australia considers there are some benefits such as easier portfolio management for applicants and holders if a divisional could be merged with its parent, it is not clear that such an option would be widely used by our customers. Before considering such an option in further detail, IP Australia would need to consider the costs and benefits to all stakeholders of administering such an option.

Questions for Part 2:

IP Australia is interested in receiving feedback on the option of a divisional trade mark being merged back with its parent, as follows:

- TM2.1 If there was an option to merge a divisional application back with its parent would you use it? Why or why not?
- TM2.2 Do you have any other general observations to add?

Further Information

For further information on the introduction of division of International Registrations and mergers of a divisional with its parent please see the following documents:

Proposal for the Introduction of the Recording of Division and Merger Concerning an International Registration, WIPO Doc MM/LD/WG/14/3 Rev. (25 April 2016). Available at:

¹³ See *Trade Marks Act 1995* (Cth) s.239A and s.243.

¹⁴ See *Trade Marks Act 1995* (Cth) s.51A and s.82A.

http://www.wipo.int/meetings/en/details.jsp?meeting_id=39943

Report of the Working Group on its Fourteenth Session, WIPO Doc MM/LD/WG/14/7, (20 February 2017). Available at:

http://www.wipo.int/meetings/en/details.jsp?meeting_id=39943

Report of the Madrid Union on its Fiftieth (29th Extraordinary) Session, WIPO Doc MM/A/50/5 (16 December 2016). Available at:

http://www.wipo.int/meetings/en/details.jsp?meeting_id=39948

For further information on the domestic divisional systems in Australia please refer to Part 12 of the *Trade Marks Office Manual of Practice and Procedure* which is available at:

http://manuals.ipaustralia.gov.au/trademarks/trade_marks_examiners_manual.htm

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