

15 June 2016

Australian Government  
Productivity Commission  
**ATTN: Pragya Giri**

By email: [REDACTED]

Our Ref: TIPS 332-19

Dear Commissioners

Queensland Law Society (the Society) has a number of advisory committees, one of which is the Technology and Intellectual Property Law Committee. The role of the Technology and Intellectual Property Law Committee is to consider current issues within its remit and make recommendations to the Queensland Law Society ("the Society") regarding technology and intellectual property policy matters.

The members of the Technology and Intellectual Property Law Committee have reviewed the Productivity Commission's Intellectual Property Arrangements Draft Report and, in particular, note the recommendations regarding copyright reform it contains. However, after consultation with the Committee, the Society has elected to focus its comments solely on the Productivity Commission's recommendation that Defensive Trade Marks be abolished.

In this regard, the Society's response follows to the Intellectual Property Arrangements Draft Report, which comprises submissions entitled, "In Defence of Defensive Trade Marks" and Annexures One and Two, which are appended to the document.

I trust this assists your work. Should you have any queries concerning the contents of these submissions, or wish to discuss this further, please contact Julia Connelly, Policy Solicitor,

Yours faithfully

[REDACTED]  
**Bill Potts  
President**

## In Defence of Defensive Trade Marks

### All Applications Are Equal But Some Are More Equal Than Others

The recommendation of the Productivity Commission ("the Commission") in the Trade Marks and Geographical Indications section of the Intellectual Property Arrangements Draft Report ("the Draft Report") that defensive trade marks should be abolished is based very strongly on statistics.

This reality was evinced from the very outset, with the Commission quoting the 1992 comments of the Working Party to Review the Trade Marks Legislation ("the Working Party") thus:

*"...defensive registration should be retained, and a review of the volume of such registrations should be conducted in, say 10 years' time, with a view to repeal of these provisions if there has been little use of them."*

(Productivity Commission, 2016, p.338)

The Commission stated in the Draft Report that:

- An average of 10 defensive trade mark applications have been made per year for the period commencing 1996 and ending 2014;
- Many defensive trade marks were applied for prior to the *Trade Marks Act 1995* ("the 1995 Act");
- Only around half of the defensive trade marks applied for prior to the 1995 Act were still registered in April 2015; and
- A total of around 300 defensive trade marks remain registered.

It is the foregoing numeric centred comments of the Working Party and statistics stated by the Commission, coupled with the statement that *"it is not clear whether defensive marks are necessary to prevent consumer confusion"* that prompted the Commission's recommendation that defensive trade marks be abolished.

Unfortunately, the Commission's recommendation does not take into consideration the fundamental changes to Australian trade mark law that took place with the introduction of the *Trade Marks Act 1995*.

The changes introduced after the 1 January 1996 commencement of the 1995 Act were so fundamental that comparing trade mark applications filed under the 1955 Act and trade mark applications filed under the 1995 Act is like comparing "apples and oranges". Worse still, any statistical analysis drawn from a 1955 Act / 1995 Act comparison without full consideration to the changes introduced by the 1995 Act should be considered fundamentally flawed.

The 1955 Act only allowed for single class trade mark applications. This was regardless of whether the applications were for standard, certification, collective or defensive trade marks. However, with the introduction of the 1995 Act, applicants were allowed to file multi-class trade mark applications (unless they were seeking registration of a series of trade marks).

The 1996 Act also brought with it a swathe of transitional provisions, including most relevantly to this matter, sections 239A and 243 (both of which are quoted below). These sections allowed registrations (section 239A) and applications (section 243) to be "linked" if the applications /

registrations sought to be linked were for the same trade mark (but different classes) and were filed on the same day.

Section 293A Trade Marks Act 1995 reads:

**"Linked trade marks**

- (1) Subsection (2) applies if:
- (a) the same trade mark was registered before 1 January 1996 in respect of goods or services of different classes; and
  - (b) all the applications for the trade marks were lodged (or were taken under the repealed Act to have been lodged) on the same day with the Trade Marks Office; and
  - (c) the trade marks are registered trade marks for the purposes of this Act with the same registered owner.

Note: For registered owner and registered trade mark see section 6.

(2) The registered owner may apply to the Registrar, in writing, to have those trade marks, or so many of those trade marks as are identified in the application, dealt with under this Act as if they were one registered trade mark in relation to the goods or services in respect of which the trade marks, or the identified trade marks, were registered.

(3) If an application is made under subsection (2), the Registrar must deal with the trade marks, or the identified trade marks, as if they were a single trade mark.

(4) The date of registration of the single trade mark is taken to be the day on which the applications mentioned in paragraph (1)(b) were lodged, or were taken to have been lodged (as the case may be), with the Trade Marks Office under the repealed Act."

and section 243 Trade Marks Act 1995 reads:

**"More than one application lodged on same day for registration of same trade mark**

- (1) If:
- (a) before 1 January 1996 a person made a number of applications each seeking the registration of one and the same trade mark but in respect of goods or services of different classes; and
  - (b) all the applications were lodged, or were taken under the repealed Act to have been lodged, on the same day with the Trade Marks Office;
- the applications are called linked applications in this section.

(2) This section applies if, immediately before 1 January 1996, a number of linked applications for the registration of a trade mark were pending and had not been accepted.

Note: For pending see subsection 11(2).

(3) If, at any time on or after 1 January 1996, there are linked applications pending, the applicant may, subject to subsection (4), apply to the Registrar to have some or all of those applications dealt with under this Act as if they were one application for the registration of the trade mark in respect of all goods and services specified in those applications.

Note: For pending see subsection 11(1).

- (4) If:
- (a) one of the linked applications has been accepted under Part 4; and
  - (b) the acceptance has been advertised in the Official Journal;
- that application may not be included in the application made to the Registrar under subsection (3).

*(5) If an application is made under subsection (3), the Registrar must deal with the linked applications as if they were a single application for the registration of a trade mark made on 1 January 1996.*

*(6) The filing date for the single application taken to have been made under subsection (5) is the day on which the linked applications were lodged, or were taken to have been lodged (as the case may be), with the Trade Marks Office under the repealed Act."*

For a clear example of trade mark linking, as it applies to either applications or registrations, consider this:

Company A applies for registration of its trade mark in classes:

- 1;
- 2;
- 3;
- 4; and
- 5;

on the same day.

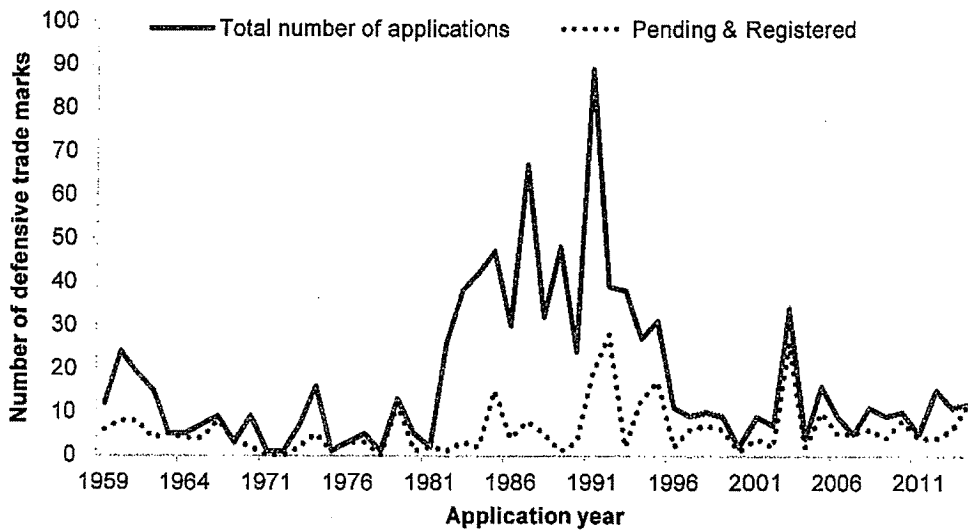
All trade marks (be they all applications or all registrations) were given consecutive numbers.

Upon introduction of the 1995 Act, all applications / registrations, upon request by Company A, could be linked with the effect that five single class applications / registrations would become one application / registration which covered five classes.

In short, the introduction of the 1995 Act not only gave a prospective applicant the right to file fewer applications without any detriment to the scope of protection sought, it also gave trade mark owners the right to reduce the number of trade marks they had previously applied for / registered without any detriment to the scope of the existing protection.

As a consequence, the below graph used by the Commission in the Draft Report (Figure 11.9, Productivity Commission, 2016, p.339) is an inappropriate method of illustrating the "popularity" or lack thereof of defensive trade marks.

Figure 11.9 **Defensive mark applications and registrations**



**Apples and Apples, Oranges and Oranges**

Rather, the true way to determine the “popularity” of defensive trade marks is not to compare the 1955 Act single class defensive trade marks with the 1995 Act (potentially) multi-class defensive trade marks but, rather, to compare the number of classes which were the subject of defensive trade mark applications in the relevant year.

To this end, the Society has prepared the below comparison table.

**Comparison Table:**

**Total Number of Classes Applied for and Registered**

*Under the Old Act (Last 20 Years)  
and  
Under the New Act (All 20 Years)*

Act	Years	Total No. Classes Applied For	Total No. Classes Registered
1955	1975 -1995	608	190
1995	1996-2016	878	540

The Comparison Table was devised from Annexures One and Two (which are appended to this document) and shows defensive trade mark figures taken from the last 20 years of the 1955 Act.

The Comparison Table is primarily designed to show numbers that pertain to all defensive trade marks applied for since the commencement of 1995 Act. As the 1995 Act has now been in force for

20 years, it was decided that the 1955 Act comparison period should begin at 1975 and conclude at 1995, thereby illustrating the last twenty years of the 1955 Act.

It is hoped that preparing the Comparison Table in this manner, rather than using 1959 as the starting point (as was done in the Commission's Figure 11.9) will serve to deliver accurate and immediately understandable information.

Annexure One is a table showing, on an annual basis, all defensive trade marks applied for and registered under the 1955 Act for the period commencing 1959 (the starting date of the Commission's graph (Figure 11.9) and ending 1995 (to reflect the end of the 1955 Act).

Annexure One also details how many defensive trade marks from this period remain registered and, for further detail and insight into the changes brought by the 1995 Act, Annexure One also details how many trade marks were not registered due to their being linked to an earlier registration.

Annexure Two is a table showing, on an annual basis, all defensive trade marks applied for and registered under the 1995 Act for the period commencing 1 January 1996 (the date 1995 Act came into force) and ending 5 June 2016.

Annexure Two also breaks down the annual application and registration figures further, to illustrate the number of classes covered by the relevant year's total number of applications and registrations, in order to establish parity with the details in Annexure One.

The numbers contained in both Annexure One and Annexure Two have been taken from the IP Australia trade marks database, ATMOSS.

Review of the Comparison Table clearly shows that defensive trade mark protection has been sought more, not less, since the introduction of the 1995 Act. Annexure One and Annexure Two provide evidence of this assertion in finer detail.

The above Working Party quote was made in 1992, when the 1955 Act was in force and when only single class applications were filed. When the 1995 Act defensive trade marks are discussed in a 1955 Act context, that is, in the context of single classes, as has been done in the Comparison Table and Annexure Two, it is clear that the kind of concerns the Working Party had regarding diminishing numbers have not eventuated and, as a consequence, defensive trade marks should not be abolished.

#### **Consumer Confusion**

Rather than saying that *"it is not clear whether defensive marks are necessary to prevent consumer confusion"*, it may be more appropriate to pose the question, *"has the marketing device of brand extension led consumers to accept the (sometimes unusual) association of products"*.

In this age of corporate sponsorship and joint projects between global companies, the answer is yes.

In many instances, a defensive trade mark is the only possibility a trade mark owner would have of curtailng the confusion generated by a third party using either the owner's trade mark or a trade mark which is very similar to the owner's trade mark.

If defensive trade marks were not available, the owner would be obliged to try to prevent the confusion by bringing an action for passing off and / or breach of the Australian Consumer Law.

Depending on the situation, the owner may find it difficult to be successful on passing off as the owner may not have a reputation for providing the goods in question. While the possibility of success under may be greater if arguing a breach of the Australian Consumer Law, the process is not as straight forward as a trade mark infringement action.

Further, consider the role of a defensive trade mark from an application / registration perspective. A defensive registration has the potential to provide certainty in the Australian Trade Marks Register and, also, for the general public.

The owner of a defensive trade mark can rely on a trade mark Examiner to make a decision as to whether an applied for trade mark is too similar to the existing defensive trade mark. The Examiners are well trained in issues of trade mark similarity and are able to issue Examination Reports and process responses to those Examination Reports promptly.

The promptness of the examination procedure outstrips that of the alternative, the trade mark opposition. If defensive trade marks were abolished, the trade mark owner would be obliged to monitor the Australian Trade Marks Register and oppose trade marks it considers to be too similar to its "well known" trade mark.

Opposition proceedings, even with the changes brought with the *IP Laws Amendment (Raising the Bar) Act 2012*, are not exercises in speed.

Furthermore, the grounds on which the trade mark owner would need to bring an opposition would most likely be the well known trade mark provision (section 60 *Trade Marks Act 1995*) and that registration of the trade mark would be contrary to law (section 42(b) *Trade Marks Act 1995*).

Neither is as easy to establish as the section 44 *Trade Marks Act 1995* ground of opposition. Section 44 *Trade Marks Act 1995* is also a ground of examination and one that the Examiner would consider when determining whether an applied for trade mark is too similar to an existing defensive trade mark.

In this regard consider the 2011 opposition matter, *Companie des Montres Longines, Francillon SA (Longines Watch Co Francillon Ltd) v. Voxon Pty Ltd [2011] ATMO 82*. At the time of opposition, Longines had two trade marks:

Registration No. 83913  
Trade Mark: LONGINES  
Class: 14  
Goods: Horological instruments.

and

Registration No. 268010  
Trade Mark:



Class: 14  
Goods: All goods in Class 14.

Voxon (a company owned by Mr Lucas Longginou of Brisbane) applied for registration of the trade mark LONGINES QUALITY LUGGAGE (Application No. 1210749) for luggage and bags.

Although it was, and is, quite common for prestige watch brands to extend its product range to include leather goods, Longines neither had nor sought registration of its trade mark in respect of leather goods.

As a consequence, the application for LONGINES QUALITY LUGGAGE was accepted because watches and luggage were not considered to be closely related goods. This meant that the only way Longines could ensure that the trade mark LONGINES QUALITY LUGGAGE was not registered was to commence opposition proceedings based on the well known trade mark and contrary to law provisions.

In support of its opposition, Longines, in addition to outlining the company's long history and long history of sales in Australia, showed that it had previously supplied leather goods and that it was common for prestige brands to sell watches, luggage, sunglasses, jewellery and perfume. Evidence was also provided that prestige watches are sold in very close proximity to quality leather goods.

In short, Longines had to provide significant evidence of the standard sales, range of goods and marketing circumstances of other prestige brands in order to prevent the registration to show that use of the trade mark LONGINES QUALITY LUGGAGE would lead people to believe, in correctly, that the luggage was manufactured by or associated with the company Longines.

Longines was successful. However, a period of three years elapsed from it filing the Notice of Opposition and the Hearing Officer handing down a decision in respect of the matter.

This amounts to a three year period (from 17 June 2008 to 27 August 2011) of uncertainty in the Trade Marks Register.

It should be noted that, in what was a clear attempt to minimise the need to commence and be involved in such expensive and extensive opposition proceedings again, Longines registered LONGINES as a defensive trade mark in respect of cosmetics and toiletries, stationery, leather goods, textile goods and clothing.

This action of obtaining a defensive registration in the wake of (successful) opposition proceedings, clearly illustrates the desirability of defensive registrations, allowing an Examiner to decide a matter promptly, rather embarking on drawn out opposition proceedings which are fraught with uncertainty. An opposition also has a "knock on" effect of slowing down other opposition matters due to its mere existence, simply because it is "in the queue" and there is a limited number of IP Australia representatives who can administrate and hear the matters.

#### **What Does It All Mean?**

Finally, the Society notes that although the Commission recommends the abolition of defensive trade marks, no comments or perhaps even consideration has been given as to what the abolition of defensive trade marks will mean in practice.

1. Will "abolition of defensive trade marks" mean that existing defensive trade marks remain in force as defensive trade marks but there would be no scope under an amended Trade Marks Act for filing any new applications for defensive trade marks?



2. Will abolition of defensive trade marks mean that all existing defensive trade marks will essentially become "standard" trade marks, meaning that the owners of defensive trade marks will carry the burden of being obliged to use the trade mark in respect of the relevant goods and / or services if they want to ensure that a removal (for non-use) action can be defeated?
3. If all defensive trade marks are simply to become standard trade marks, how long may a defensive trade mark be on the Australian Trade Marks Register before a removal for non-use action may be brought? Five years from the filing date of the trade mark in question (as would be the case for a standard trade mark) or five years from when legislation is enacted abolishing defensive trade marks?

The "abolition of defensive trade marks" as contemplated in point one provides the most equitable outcome for owners of existing defensive trade marks. Usually, the owner of a defensive trade mark has invested significant time and money to secure the defensive registration in respect of goods and / or services that the owner does not provide. Diminishment of the trade mark owner's hard won defensive trade mark rights to those of provided by a standard trade mark would be inappropriate, especially if no compensation was offered.

If defensive trade marks are truly abolished and all existing defensive trade marks simply become standard trade marks, as anticipated in point two, there will be some unusual situations, including the possibility of removal actions being brought – which may well be successful because there is no obligation that defensive trade marks be used. Indeed, it is the fact that defensive trade marks do not need to be used on the goods and / or services of the registration, coupled with the fact a defensive trade mark cannot be removed from the Australian Trade Marks Register due to its non-use that makes them very attractive. It is likely that non-use could be established very easily. Once non-use is established, a trade mark may be removed. Consequently, it is possible that, on face value at least, the owner of a defensive trade mark could essentially be penalised for not doing something that did not need to be done.

Following on from the removal action concern is the issue raised in point three – if defensive trade marks are to become susceptible to non-use actions, how must the removal period be calculated? Currently a trade mark may be removed from the Australian Trade Marks Register if it has been on the Register for a period of at least five years but has been unused for a consecutive period of three years. If defensive trade marks were simply converted to standard trade marks and the current removal calculation was used in respect of these converted trade marks, it is likely to prove very unfair to the owners of the converted trade marks.

The owners of many of the converted trade marks could be facing removal actions because the converted defensive trade mark has been on the Australian Trade Marks Register for more than five years and, because there is no obligation to use a defensive trade mark, the trade mark in question has not been used. Calculation of the commencement in the standard manner is likely to mean that a third party could successfully bring a removal action before the owner of the converted defensive trade mark has had the opportunity to commence use of the trade mark.

Rather, it would be more equitable to calculate the removal commencement period as beginning from the date the Trade Marks Act was amended to abolish defensive trade marks. In other words, a converted defensive trade mark may be removed from the Australian Trade Marks Register if it has

been on the Register for a period of five years following the relevant amendment of the Trade Marks Act and has been unused for a continuous period of three years.

This gives the owners of defensive trade marks the opportunity to use or put machinations in place to commence use of the trade mark in respect of the goods and / or services of the defensive trade mark.

The Society submits that there are many statistics and issues that must be carefully analysed and considered before any recommendation regarding the abolition of defensive trade marks is made, let alone approved and acted upon.

The Society queries whether the requisite intensive consideration was given to the statistics in particular, given that, when assessed through the appropriate frame work, it is clear that the defensive trade marks are more widely used now than they have been in the past.

The Society requests that regard be given to the content of this document and its attachments be given before any further comments on the abolition of defensive trade marks are made.

*President Q.L.S*  
*15<sup>th</sup> JUNE 2016*

**Annexure One**  
**Defensive Trade Marks**  
**1959 – 1995**  
**Under the Trade Marks Act 1955**

<u>Year</u>	<u>Applications</u>	<u>Registrations</u>	<u>Still Registered</u>	<u>Linked</u>
1959	12	12	6	0
1960	24	24	8	0
1961	19	19	8	0
1962	15	15	4	0
1963	5	5	5	0
1964	5	5	4	0
1965	7	7	4	0
1966	9	9	8	0
1967	3	3	3	0
1968	0	0	0	0
1969	0	0	0	0
1970	9	9	2	0

<u>Year</u> <u>(cont.)</u>	<u>Applications</u> <u>(cont.)</u>	<u>Registrations</u> <u>(cont.)</u>	<u>Still Registered</u> <u>(cont.)</u>	<u>Linked</u> <u>(cont.)</u>
1971	1	1	0	0
1972	1	1	0	0
1973	7	7	2	0
1974	16	16	5	0
1975	1	1	0	0
1976	3	3	3	0
1977	5	5	3	0
1978	1	1	0	0
1979	13	13	12	0
1980	5	1	1	0
1981	2	2	2	0
1982	26	1	1	0
1983	38	3	3	0
1984	42	2	2	0
1985	47	15	15	0

<u>Year</u> <u>(cont.)</u>	<u>Applications</u> <u>(cont.)</u>	<u>Registrations</u> <u>(cont.)</u>	<u>Still Registered</u> <u>(cont.)</u>	<u>Linked</u> <u>(cont.)</u>
1986	30	4	4	0
1987	67	8	8	0
1988	32	5	5	0
1989	48	1	1	0
1990	24	3	3	0
1991	89	34	19	3
1992	39	29	28	0
1993	38	28	2	8
1994	27	13	13	10
1995	31	18	13	12

**Annexure Two**

**Defensive Trade Marks**

**1 January 1996 – 5 June 2016**

**Under the Trade Marks Act 1995**

<b><u>Year</u></b>	<b><u>Application</u></b>	<b><u>Classes</u></b>	<b><u>Registration</u></b>	<b><u>Classes</u></b>	<b><u>Still Registered</u></b>	<b><u>Classes</u></b>
1996	11	26	3	7	2	5
1997	9	27	6	24	6	24
1998	10	60	8	56	7	46
1999	9	28	6	18	3	10
2000	2	5	1	2	1	2
2001	9	24	4	15	4	15
2002	7	50	2	25	2	25
2003	34	55	26	37	26	37
2004	4	9	3	7	2	6
2005	16	42	10	34	10	34
2006	9	39	5	24	5	24

<u>Year (cont.)</u>	<u>Application (cont.)</u>	<u>Classes (cont.)</u>	<u>Registration (cont.)</u>	<u>Classes (cont.)</u>	<u>Still Registered (cont.)</u>	<u>Classes (cont.)</u>
2007	5	36	5	36	5	36
2008	11	25	6	13	6	13
2009	9	41	4	25	4	25
2010	10	57	8	40	8	40
2011	5	16	4	15	4	15
2012	15	56	3	20	3 (1 pending)	20 (32)
2013	11	136	6	121	6	121
2014	11	42	2	21	2 (2 pending)	21 (11)
2015	13	47	N/a all pending		N/a all pending	
2016	6	57	N/a all pending		N/a all pending	