



Australian Government

IP Australia

Resolving trade mark opposition proceedings faster

**Toward a stronger and more efficient
IP rights system**

**IP Australia
Consultation Paper
June 2009**



RESOLVING TRADE MARK OPPOSITION PROCEEDINGS FASTER - CONSULTATION PAPER - JUNE 2009



1. Introduction

This paper is one of several papers¹ setting out proposals directed at improving the fit and function of the Australian intellectual property system. This paper focuses on trade mark opposition procedures. A key focus of this paper is on proposing and discussing changes aimed at resolving trade mark opposition proceedings faster.

The object of this paper is to encourage further discussion on the proposed changes and their likely impacts on Australian business.

IP Australia invites any interested parties to make a written submission, and in particular seeks responses to the questions posed in the paper. Comments are welcome from anyone interested in the operation of the trade mark system in Australia and its interaction with trade mark systems in jurisdictions of Australian business interest. Comments are especially welcome from those who have been, are, or expect to be users of the Australian trade mark system and/or trade mark systems of other jurisdictions.

This paper has been organised into four parts:

- this part is a brief introduction
- the second part outlines the opposition process, and highlights the need for reform
- the third part sets out proposals for reform to trade mark opposition procedures
- the fourth part sets out some questions on which IP Australia welcomes your feedback.

IP Australia will consider submissions and then make recommendations to Government on the way forward.

The closing date for submissions is 17 August 2009.

Written submissions should be sent to:

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Please note that, unless requested otherwise, written comments submitted to IP Australia may be made publicly available. A request made under the *Freedom of Information Act 1982* for access to a submission marked confidential will be determined in accordance with that Act.

¹ See also IP Australia consultation papers 'Exemptions to patent infringement', 'Getting the balance right', 'Resolving divisional applications faster' and 'Resolving patent opposition proceedings faster' at www.ipaustralia.gov.au.



Contents

1. Introduction.....	2
Contents	3
2. Background—the opposition process and the need for change.....	3
2.1 Aims of the opposition process	3
2.2 Problems with the opposition process.....	4
2.3 The opposition process.....	5
3. Proposals for reform.....	6
3.1 Commencing opposition proceedings	6
3.2 Grounds for extending the time in which to provide a notice of opposition.....	6
3.3 Statement of grounds and particulars to accompany notice of opposition.....	8
3.4 Amending notice of opposition and statement of grounds and particulars	10
3.5 Dismissal of opposition.....	12
3.6 Notice of intention to defend a trade mark opposition.....	12
3.7 Extensions of periods for providing evidence.....	13
3.8 Cooling-off period.....	15
3.9 Further evidence.....	16
3.10 Production of documents or articles, summoning of witnesses	18
3.11 Summary of submissions	20
4. Questions for consideration.....	21
Figures.....	22

2. Background—the opposition process and the need for change

2.1 Aims of the opposition process

1. The *Trade Marks Act 1995* provides a system for registration of trade marks. It offers a means of establishing and enforcing trade mark rights which aims to be simpler and more cost-effective than relying on general common law remedies.

2. To meet these aims effectively, the trade marks system must deliver robust trade mark rights in an efficient and a timely manner. In doing so, the system must achieve an appropriate balance among the competing interests which are impacted by the system, including those of the trader seeking trade mark protection, commercial competitors of the trader who might be adversely impacted by registration of a trade mark, and the interests of consumers.

3. All of these interests may be adversely impacted by:

- registration of trade marks which do not comply with the requirements of the Trade Marks Act, for example, trade marks which are deceptive or are not suitably distinctive
- delays in the registration processes causing protracted uncertainty around whether a trade mark will be registered, and what the scope of such a registration may eventually be
- registration of a trade mark in the name of a trader who does not have a legitimate right to its use: this could confuse consumers, and can disadvantage a trader with a better right to the mark.

4. The ability to oppose registration of a trade mark is one mechanism the trade marks system provides to ensure that the interests of commercial competitors are taken into account. Oppositions

Resolving Trade Mark Opposition Proceedings Faster



should provide for a swift and inexpensive determination, and should offer simple and straightforward processes. In addition to providing a dispute resolution forum to competitors, the opposition system also serves the overriding public interest objective of ensuring that only trade marks which comply with the Trade Marks Act are registered, and are registered in the name of the rightful owner.

Preventing registration of trade marks that do not comply with the Act

5. Oppositions provide for a ‘second look’ at applications that have been accepted by the Registrar of Trade Marks (‘Registrar’). Oppositions focus on whether a trade mark should proceed to registration, usually on the basis of new material that was not previously available to the Registrar during examination. Oppositions offer an opportunity for further consideration by a decision-maker who is acknowledged as being ‘skilled and experienced’.²

6. Oppositions also provide a first opportunity for the Registrar to consider several grounds for refusal of an application for registration of a trade mark, which cannot be considered during examination. These grounds largely relate to resolving competing claims of ownership of a trade mark, and recognition of marks which enjoy a reputation in Australia. These are grounds which an opponent is usually in a better position to establish than a trade mark examiner.

Swift and inexpensive

7. To be an effective option for competitors, opposition procedures must be swift and inexpensive, particularly in comparison to court proceedings.

8. Parties to an opposition seek outcomes that are aligned with their own commercial interests, and often seek to use trade mark oppositions as a forum to reach negotiated commercial settlements about trade mark rights. Facilitating such negotiations is not a primary objective of trade mark oppositions. However, where the only issue is a dispute as to ownership of a mark, private negotiations can in fact be the most efficient means of resolving the matter, and do not adversely impact on the public interest so long as the negotiations are not unduly protracted.

Simple and straightforward processes

9. Trade mark opposition procedures must be as simple and straightforward as possible. The rules should be understandable to *all* potential users of the system. Unnecessary complexity can create additional costs not only for parties directly involved in oppositions, but also for others affected by the trade marks system.

2.2 Problems with the opposition process

10. There are concerns that present opposition processes do not meet these aims. Earlier reports³ and IP Australia’s own experience have highlighted concerns with:

- Delays—there appears to be a general consensus that proceedings are often unnecessarily protracted:
 - Extensions of periods for doing actions such as providing evidence can be used tactically, and can cause unnecessary delays.

² *Eclipse Sleep Products Inc v. Registrar of Trade Marks* (‘Springwall case’) [1957] HCA 86; (1957) 99 CLR 300; *Austereo Pty Ltd v. DMG Radio (Australia) Pty Ltd* [2004] FCA 968.

³ *Review of the Enforcement of Trade Marks*, 2004, the Advisory Council on Intellectual Property.



- Failure to specify the actual grounds of opposition early in the process causes difficulties and unnecessary delay. An applicant may end up preparing evidence and submissions on issues on which the opponent does not in the end rely.
- Costs—the cost implications of lengthy opposition proceedings can be very serious for small parties with limited resources.
- Complexity:
 - Current processes may be unduly complicated and may, in particular, not meet the needs of unrepresented parties.
 - There is an unnecessary burden for parties who are genuinely negotiating a settlement to continually have to seek extensions of time to do this.

11. Against the background of these concerns, IP Australia considers that it is time to reform opposition processes. The following section sets out the current opposition processes, and IP Australia's proposals for reform are set out in the remainder of this paper.

2.3 The opposition process

12. A number of decisions of the Registrar under the Trade Marks Act can be opposed. The majority of oppositions occur when the Registrar has decided to accept an application for registration of a trade mark, and another party wishes to oppose that decision.

13. For convenience, this paper divides oppositions into two broad categories:

- **substantive oppositions**, which generally focus on ownership and registrability: opposition to registration of a trade mark⁴ and opposition to removal of a trade mark from the Register⁵
- **procedural oppositions**, which consider other issues: opposition to amendments⁶ and opposition to extensions of time.⁷

14. The basic steps in the opposition process for substantive oppositions are as follows:

- An application for registration of a trade mark is advertised as accepted.
- An opponent has 3 months within which to provide a notice of opposition. This notice includes the grounds of the opposition.
- Parties may provide evidence to support their case, following a statutory timetable—the statutory evidential periods can be extended, and further evidence may be provided outside these periods.
- A trained IP Australia staff member hears both parties' cases, either in oral proceedings or on the basis of written submissions, and decides the outcome of the opposition. The opposition may result in the trade mark being registered, the application for registration being refused, or the applicant being provided with an opportunity to amend the application to overcome the successful grounds of opposition.

⁴ Section 52 of the Trade Marks Act.

⁵ Section 92 of the Trade Marks Act.

⁶ Section 65A of the Trade Marks Act.

⁷ Section 224 of the Trade Marks Act.



- The applicant may appeal the decision to the Federal Court of Australia.⁸

15. This procedure is illustrated in **Figure 1** on page 22. Similar steps apply to other oppositions.

3. Proposals for reform

3.1 Commencing opposition proceedings

16. A trade mark opposition is commenced by a person (the opponent):

- giving a notice of opposition to IP Australia, for example ensuring that the Registrar becomes aware of the opposition and does not proceed to register the trade mark
- paying the prescribed fee to IP Australia
- giving a copy of the notice to the applicant as soon as practicable, bringing the opposition to the applicant's attention.

17. In the interests of streamlining the process of commencing an opposition, IP Australia proposes to introduce the following change:

3.1 Proposed change

- IP Australia, and not the opponent, would give the notice of opposition to the applicant.

18. The aims of this change are to ensure that opposition-related correspondence is directed to the correct parties in a timely manner, and to increase the likelihood of it being actioned appropriately. In the case of unrepresented parties and first-time users of the system, the notice of opposition would be accompanied by information about the opposition process, to help ensure that the other party understands the process and to facilitate a swift resolution.

19. This proposal would only apply to the notice of opposition, and not to any other documents. This would additionally align the procedure for instigating trade marks oppositions with a corresponding proposal for instigating patent oppositions.⁹

20. The proposed change is also necessitated by the proposed requirement for an applicant to provide a notice of intention to defend their application—see proposal 3.6 below.

3.2 Grounds for extending the time in which to provide a notice of opposition

21. Opposition to registration prevents an application for a trade mark proceeding to registration, at least until resolution of the opposition. Opposition to other actions similarly prevents those actions from being carried out immediately. In the interests of public certainty as to the status of any potential registered trade mark rights, oppositions must be filed, and publicly notified, in a timely

⁸ It has previously been proposed that the Federal Magistrates Court be given jurisdiction under the Patents, Trade Marks and Designs Acts—see *Consideration of extending the jurisdiction of the Federal Magistrates Service to patent, trade marks and designs matters*, Advisory Council on Intellectual Property, 2003. This proposal is not dealt with in this paper.

⁹ See the IP Australia consultation paper 'Resolving patent opposition proceedings faster' at www.ipaustralia.gov.au.



manner. Under the trade marks legislation, notices of opposition must be filed within certain time periods:

- within 3 months of advertisement of acceptance—for substantive trade marks oppositions
- within 1 month of the advertisement of the request for amendment or application for extension of time—for procedural trade marks oppositions.

22. Australia's trade marks legislation recognises that, for various reasons, parties are not always able to meet every applicable time limit for all actions. Therefore it is possible to extend various time periods for doing various actions. In the case of providing a notice of opposition, there are, broadly speaking, two classes of reasons for obtaining an extension:

- when a time limit is missed inadvertently—for example due to an error or omission, or to circumstances beyond control of the person applying for the extension
- when a time limit is missed advertently or deliberately—for example due to the conduct of negotiations with the other party, or to the undertaking of research to decide whether opposition is justified or conducting research as to the grounds of opposition.

23. IP Australia accepts that it is appropriate to permit an extension of the time period for providing a notice of opposition if necessitated by some inadvertent reason such as an error or omission. This is a necessary remedial aspect of Australia's trade mark legislation which prevents substantive issues from being determined solely on the basis of procedural oversights.

24. However, IP Australia does not consider that such extensions are appropriate in the case of advertent or deliberate delays. Extensions in such circumstances are inconsistent with the aim of public certainty as to the status of potential registered trade mark rights. Negotiations or research could take some time, and other parties may consequently be unaware whether the mark is even being opposed, let alone the outcome of any opposition, for some lengthy and indeterminate period.

25. To address these concerns, IP Australia proposes the following change:

3.2 *Proposed change*

- The following grounds for extending the period for filing a notice of opposition would be removed:
 - conduct of genuine negotiations
 - undertaking research to decide whether to oppose or the grounds of opposition.
- An extension of the period for filing a notice of opposition would only be available in the case of:
 - an error or omission on the part of IP Australia, the person concerned, or his or her agent or attorney
 - circumstances beyond control of the person concerned
 - an extension being required despite the person concerned having taken due care as required in the circumstances.



26. This proposal would additionally align the grounds for such extensions with those available to an opponent to the grant of a patent under the *Patents Act 1990*.

27. It would be possible to seek this extension either before or after the 1 or 3-month period has elapsed. However, as at present, if an application has proceeded to registration, extensions would no longer be available.

28. Parties undertaking genuine negotiations would have to file a notice of opposition notwithstanding the possibility of a negotiated outcome. The public and other traders would therefore be aware that the registration is being opposed. The parties would then be able to continue their negotiations during the proposed ‘cooling-off period’—see proposal 3.8 below. It would be open to applicants and opponents to commence their commercial negotiations at some earlier time: for example, when details of the application are published in the Official Journal, shortly after an application’s filing.

29. Regarding undertaking research, potential opponents have approximately 5 months after an application is filed¹⁰ and 3 months after it has been advertised as accepted to decide whether and on what grounds they wish to oppose registration of a mark. This is significantly more generous than under trade mark opposition systems in most other countries.

3.3 Statement of grounds and particulars to accompany notice of opposition

30. Opponents are currently required to set out the grounds on which they intend opposing an application for registration of a trade mark at the same time as they file their notice of opposition. Frequently, opponents set out all possible grounds, whether or not they eventually rely on them. However, when it comes to a hearing before the Registrar, opponents frequently focus only on a small subset of those grounds.

31. As a result, trade mark applicants frequently do not have a clear understanding of the key grounds on which their application is being opposed until quite late in the process, potentially at the hearing itself. This lack of certainty can increase costs for trade mark applicants, obliging them to prepare a case in response to all grounds raised in the statement, including ones on which the opponent may later not rely.

32. To address this, IP Australia proposes the following change:

3.3 Proposed change

- At the time the notice of opposition is filed, the opponent would have to specify:
 - the grounds on which the application is being opposed—as is currently required
 - particulars of those grounds—that is, the material facts on which each ground of opposition is based.

¹⁰ The current turn-around time for examination of an application for registration of a trade mark.

Resolving Trade Mark Opposition Proceedings Faster



33. The particulars would describe the material facts, but would not have to go so far as to set out the evidence by which those facts would eventually be proved. This would be provided at a later stage of the opposition proceedings. IP Australia would provide guidance and assistance (but not advice) to opponents in meeting this requirement. Only very brief particulars would be required. Examples are included in [Table 1](#) below.

Table 1: Sample particulars for grounds of opposition

<i>if the trade mark is opposed on the ground that ...</i>	<i>the particulars would have to identify ...</i>
it contains a prohibited sign ¹¹	which prohibited sign it contains
it is not capable of distinguishing ¹²	why the mark is descriptive or generic
it contains or consists of scandalous matter ¹³	why the matter is scandalous
its use would be contrary to law ¹⁴	which law is breached
it would deceive or cause confusion ¹⁵	what connotation is likely to do this
the opponent has prior rights in the mark ¹⁶	what the prior rights are
the opponent has previously used a similar trade mark ¹⁷	the similar mark, and that there has been earlier use
it is similar to a trade mark that has acquired a reputation in Australia ¹⁸	which mark
it contains or consists of a false geographical indication ¹⁹	which geographical indication

34. Under the proposal:

- The statement would be required for *all* trade mark oppositions.
- The statement would be required to be filed at the same time as the notice of opposition—in practice, the two would be part of a single document. This would ensure that the new requirement does not impinge on the current opposition timetable.
- If the opponent did not provide the statement, or if the grounds were not particularised, the Registrar would be able to dismiss the opposition or certain grounds of the opposition summarily under a new dismissal power to be introduced (see proposal 3.5 below).
- If the statement does not provide adequate particulars, the Registrar would be able to direct the opponent to provide further and better particulars.

¹¹ Section 39 of the Trade Marks Act.

¹² Section 41 of the Trade Marks Act.

¹³ Section 42 of the Trade Marks Act.

¹⁴ Section 42 of the Trade Marks Act.

¹⁵ Section 43 of the Trade Marks Act.

¹⁶ Section 44 of the Trade Marks Act.

¹⁷ Section 58A of the Trade Marks Act.

¹⁸ Section 60 of the Trade Marks Act.

¹⁹ Section 61 of the Trade Marks Act.



35. This proposal seeks to ensure that the opponent better defines their case at an earlier stage in the proceedings, in order to give trade mark applicants a better understanding of the case they will face. The applicant might then be in a better position to:

- withdraw their application, or decide not to file a notice of intention to defend (noting proposal 3.6 below), having been given a clearer understanding of the strength or otherwise of the opponent's case
- commence negotiations with the opponent, with a clearer understanding of their case
- or
- commence preparing for the opposition at an earlier stage, facilitating a swifter outcome.

36. The opponent would generally be bound by the statement of grounds and particulars, and the opposition case would be confined to the issues raised in that statement (unless it is amended—see proposal 3.4 below).

37. Potential opponents sometimes only become aware of conflicting applications for registration towards the end of the 3-month opposition period. Under the proposal, there would be time to prepare the statement of grounds and particulars even with only a small amount of time remaining—the statement would be required to be in summary form only, and would be as brief as the nature of the opposition permits.

38. Stakeholders have made alternative suggestions regarding this proposal, including that opponents should have a further 1 month from filing the notice of opposition to provide the statement of grounds and particulars, or that the grounds need only be specified at a later stage in proceedings, such as after the opponent has viewed the applicant's evidence in answer. IP Australia considers that the proposal set out above better meets the interests of facilitating a swifter resolution of a trade mark opposition, particularly with the possibility that it will lead to indefensible oppositions dropping out sooner.

3.4 Amending notice of opposition and statement of grounds and particulars

39. On occasion, it is necessary for notices of opposition or statements of grounds and particulars to be amended.

40. Section 66 of the Trade Marks Act permits the Registrar to amend a wide range of documents either to correct a clerical error or an obvious mistake, or if the Registrar is of the opinion that it is fair and reasonable in all the circumstances of the case to do so. The Registrar is able to require a request for amendment to be in writing if the requested amendment is not minor.²⁰ However, there are no clear limitations as to what amendments are able to be made to notices and statements filed in a trade marks opposition.

41. In contrast, under the patents legislation, there are different principles governing what amendments can be made to notices and statements:

- A notice of opposition can be amended to correct a clerical error or an obvious mistake, or to change the name of the opponent. It cannot be amended in other situations.
- In a statement of grounds and particulars:

²⁰ Section 66A of the Trade Marks Act.



- The statement of the grounds can be amended to correct an error or omission, or can be amended consequentially if the patent application has been amended.
- The statement of particulars of those grounds may be amended without restriction. However, if the grounds are deficient, the particulars cannot be amended to overcome this deficiency.²¹

42. To clarify this situation for trade marks oppositions, IP Australia proposes the following change:

3.4 *Proposed change*

- An opponent would be able to request an amendment of a notice of opposition to correct a clerical error or obvious mistake by the opponent or by his or her agent, or to change the name of the opponent.
- An opponent would be able to request an amendment of a statement of grounds and particulars:
 - to correct an error or omission in the grounds
 - to amend the grounds consequentially if the application is amended
 - to amend the particulars
 - to add the following grounds of opposition, but only if the Registrar is satisfied that they are raised as a result of new information of which the opponent could not reasonably have been aware at the time of lodgement of the notice of opposition:
 - ◆ that use of the trade mark would be contrary to law²²
 - ◆ that the applicant is not the owner of the trade mark²³
 - ◆ that the applicant does not intend to use the trade mark²⁴
 - ◆ that the application for registration of the trade mark is defective²⁵
 - ◆ that the application for registration of the trade mark was made in bad faith.²⁶
- In each case, the Registrar would:
 - have the power to grant the request on specified terms
 - give the parties an opportunity to make representations concerning the proposed amendment
 - give the applicant a copy of the notice or statement as amended.

²¹ Regulations 5.3A, 5.3B and 5.9 of the Patents Regulations 1991.

²² Paragraph 42 (b) of the Trade Marks Act.

²³ Section 58 of the Trade Marks Act.

²⁴ Section 59 of the Trade Marks Act.

²⁵ Section 62 of the Trade Marks Act.

²⁶ Section 62A of the Trade Marks Act.



3.5 Dismissal of opposition

43. The Registrar has very narrow powers to dismiss an opposition. This power is currently limited to the situation in which a person is required to give security for costs but does not do so.

44. Proposal 3.3 has noted that the Registrar's powers to dismiss an opposition would be broadened in the case of deficiencies in the statement of grounds and particulars.

45. Broader dismissal powers would permit the Registrar to truncate an opposition sooner when a party has not complied with its obligations. This would favour the public interest in resolving the matter sooner, and would minimise the disadvantage to the other party.

46. IP Australia therefore proposes to introduce the following change:

3.5 Proposed change

- The Registrar would have the power to dismiss an opposition if the opponent does not supply the statement of grounds and particulars in accordance with proposal 3.3.

47. This proposal would better align the Registrar's power to dismiss oppositions with the powers of the Commissioner of Patents under the Patents Act.

3.6 Notice of intention to defend a trade mark opposition

48. Not all trade mark applicants defend their trade mark after a notice of opposition has been filed. This may be for a variety of reasons, for example, because they are persuaded by the opponent's case, because they do not have the resources to defend the application, because of changing business circumstances or because they do not know what to do in the face of an opposition to their application.

49. Even if the trade mark applicant does not participate in the opposition, it may take some months for the matter to be finalised: typically, an opponent still has to go to the time and expense of preparing and serving its evidence in support, despite the applicant seeming to have lost interest. This also unnecessarily prolongs public uncertainty surrounding the eventual fate of the application.

50. In contrast, some overseas trade mark opposition systems require applicants to provide a clear indication that they intend to defend their trade mark against the opponent. This can be a simple notice that the applicant intends to defend their application, or a more detailed counterstatement responding to the opponent's case. If the applicant does not supply such an indication, the application is deemed withdrawn or abandoned. This permits an uncontested opposition to be resolved in a more streamlined and efficient manner, and does not unfairly impact on the applicant.

51. In a similar vein, IP Australia proposes to introduce the following change:



3.6 Proposed change

- An applicant would be required to provide a notice indicating its intention to defend its trade mark application—a ‘notice of intention to defend’.
 - The applicant would simply have to indicate that it intends participating in the opposition, that is, ‘tick the box’.
 - The applicant would not be required in the notice of intention to defend to provide a detailed counterstatement, or to admit or deny any allegations raised by the opponent.
- This would be required 1 month after the opponent has filed its statement of grounds and particulars.
- If the applicant did not provide this statement in time, the application would lapse.

52. There would be no fee associated with the notice of intention to defend. If an applicant inadvertently failed to provide a notice of intention to defend, it would be able to seek an extension of time to file that notice under section 224 of the Trade Marks Act.

53. This proposal is illustrated graphically in [Figure 2](#) on page 23. This figure illustrates how an *uncontested* opposition would be resolved, both at present and under the proposal. It indicates that an uncontested opposition would be resolved many months sooner and with significantly less effort on the part of the opponent than at present. In the case of a contested opposition, the proposal would not impact on the opposition timetable.

54. Some stakeholder groups have suggested requiring a fee in order to avoid frivolous notices. IP Australia does not favour this, and does not anticipate a significant number of frivolous notices. Applicants providing notices of intention to defend would open themselves up to the possibility of adverse costs orders, which would act to deter frivolous notices. A fee might also operate unfairly to applicants who desire to defend their application. But this suggestion could be revisited if this does end up being a concern.

55. Some stakeholders have also indicated a preference that there be a requirement to provide a more detailed defence at an early stage, which would admit or deny aspects of the opponent’s case. IP Australia does not favour this option. It would impose additional costs on the applicant, which would be unjustified in view of the problem this proposal seeks to address.

3.7 Extensions of periods for providing evidence

56. A major cause of protracted opposition proceedings is extensions to the periods for providing various stages of evidence.

57. The current provisions for extending evidential periods were intended to give the Registrar discretion to disallow requests for extension where appropriate. This would enable the Registrar to better manage opposition proceedings. However, the law has developed in such a way as to significantly narrow the Registrar’s discretion to disallow requests for extensions. This has substantially reduced the Registrar’s power to conduct oppositions expeditiously by controlling the length of the evidentiary process. It has been alleged that some parties are using the extension of



time provisions to strategically delay the determination of oppositions. If so, then under current provisions, the Registrar has little power to address this tactic, to the detriment of the other party and of the general public.

58. To properly manage oppositions, the Registrar requires the power to manage time frames within the opposition process. This includes the power to grant extensions when these are necessary in order to ensure that a serious opposition is decided on its merits. It also includes the power to refuse to grant extensions when this would be to the detriment of the other party or of the general public.

59. To address these concerns, IP Australia proposes the following changes:

3.7 Proposed change

- The existing opposition extension-of-time provisions would be repealed.
- Any extension of the periods to serve evidence would be by direction of the Registrar.
- The Registrar would be able to direct that a period to serve evidence in an opposition be extended only if he or she is satisfied that:
 - (a) the party entitled to serve evidence in that period has acted promptly and diligently at all times since the opposition proceedings began but, despite that, cannot serve the evidence in that period
 - or
 - (b) because of some other compelling circumstance, he or she should give the direction.
- The Registrar would not be able to extend periods unless at least one of these conditions was made out.
- The party seeking the direction would bear the onus of convincing the Registrar of this.
- In applying this test, a party would not be able to obtain an extension as a result of delays caused by an agent or a legal representative such as a trade marks attorney or legal practitioner: all such persons would be expected to act promptly and diligently at all times after the proceedings commence.

60. Limb (a) of the proposed test is intended to cover situations in which the statutory time periods are simply not long enough to prepare and serve evidence in the opposition, despite the party having acted promptly and diligently throughout. For example, this limb might cover situations such as when an expert witness cannot be obtained despite prompt and strenuous attempts to find and engage one, or *force majeure* situations.

61. If a party seeks a direction extending an evidential time period under this limb, and wishes to support a claim that they had acted promptly and diligently, they would be expected to provide whatever evidence they *have* managed to prepare to date. For example, if documents are particularised in the statement of grounds and particulars, or if *some* declaratory evidence has been finalised, the party would be expected to provide that evidence when requesting the extension.



62. Limb (b) of the proposed test is intended to cover situations in which the Registrar is satisfied that there is some other compelling reason to give a direction extending the period to serve evidence. Directions under this limb would not be given lightly. Compelling circumstances might include, for example, permitting an extension of a period for serving evidence when there are proceedings pending before a court which are relevant to the issues at stake in the opposition, and a suspension might lead to a more efficient outcome in the opposition. Such an extension would be given under this limb, and would have the effect of temporarily suspending the proceedings.

63. In applying the proposed test, the Registrar's overriding consideration would be in achieving a swift and efficient resolution of the proceedings. Parties would be expected to assist by acting promptly and diligently at all times after the proceedings commence. If they do so, and are able to demonstrate this, then evidential periods may be extended as appropriate. If they do not, extensions would be difficult to obtain.

64. The Registrar is currently able to give a range of directions for the conduct of opposition proceedings, to enable greater control over the conduct of an opposition. They may be initiated by the Registrar, or given at the behest of one of the parties. Directions can be given for a wide variety of reasons, and some directions tend to protract proceedings, for example, directions to suspend an opposition proceeding pending some other event. It is proposed that, other than in the case of the cooling-off period (proposal 3.8 below), directions could *not* be given which would circumvent this proposal.

3.8 Cooling-off period

65. Negotiated settlements of trade mark oppositions can result in a more expeditious resolution of proceedings, and can save parties from being put to unnecessary expense preparing evidence for an adversarial opposition. Frequently, an opposed trade mark will be generally compliant with the requirements of the Act, and the key issue in the opposition will relate to determining which competing trader is properly entitled to be registered as the owner of the mark for particular goods and services. Negotiation can be the most efficient means of settling this issue.

- The parties' interests may be better met if a negotiated outcome can be reached, removing the necessity to prepare evidence and appear at a hearing to argue their case before the Registrar.
- The public interest is not adversely impacted, so long as the trade mark is otherwise registrable and the negotiations are not unduly protracted.
- Resolving matters without undertaking formal dispute-resolution processes wherever possible permits IP Australia to devote more resources to disputed oppositions.

66. Present trade mark opposition procedures facilitate negotiations by permitting:

- an extension of time to lodge a notice of opposition while the parties conduct genuine negotiations
- extensions of other time periods, or the issue of appropriate directions, during the opposition to facilitate negotiations.

67. There are problems with these mechanisms:

- In the case of an extension of time to lodge a notice of opposition, the status of the registration may be unclear for some period, which is adverse to the public interest.



- In the case of extension of other time periods, the extension provisions are not well suited to facilitating negotiations, and negotiations may be interrupted by requiring repeated extensions.
- In any event, proposals 3.2 and 3.7 above would remove or substantially reduce the possibility of using these general provisions to facilitate negotiations.

68. In contrast, several other intellectual property systems around the world provide a ‘cooling-off’ period within the trade mark opposition procedures. Such periods permit both sides in an opposition proceeding to attempt to settle their differences without going through the full opposition procedures, facilitating a swifter and less litigious commercial outcome. Different countries offer cooling-off periods of different durations, and there appears to be no clear international best practice.

69. To better facilitate negotiations, without adversely affecting the public interest, IP Australia proposes the following change:

3.8 *Proposed change*

- A ‘cooling-off’ period would be introduced. This could be requested at any time after the notice of opposition and statement of grounds and particulars is filed.
 - Both parties and the Registrar would have to agree to the ‘cooling-off’ period.
 - The ‘cooling-off’ period could be terminated at the request of either party at any time should negotiations break down.
- Under this proposal:
 - The opposition would be suspended for an initial period of 6 months.
 - The suspension could be extended for a further 6 months, up to a maximum of 12 months, with the agreement of both parties.
 - After the suspension, if the negotiations are unsuccessful, the formal opposition proceedings would re-commence from the start of the period that was interrupted by the suspension.
 - If more than one party was opposing a particular application for registration, *all* parties would have to agree to the cooling-off period.
- At the commencement of the cooling-off period, the Registrar would give directions setting out steps that would apply after the period has expired, should the negotiations prove unsuccessful.

3.9 *Further evidence*

70. Even after completion of the evidentiary stages, parties are currently able to seek leave at any time to serve further evidence. The ability to serve further evidence outside the statutory evidential time table is one means of ensuring that a serious opposition is decided on its merits. But it can also cause significant delays in an opposition, and can introduce procedural complexity.



71. IP Australia is concerned that the further evidence procedures tend to unnecessarily protract oppositions.

- Further evidence can be provided at very late stages of proceedings, such as at a hearing or even afterwards. This can be severely detrimental to expeditious resolution.
- Experience has shown that it is rare for further evidence to be crucial to the outcome of an opposition. Nevertheless, a statutory procedure must be followed in each case that a party wishes to rely on further evidence, which adds administrative costs and causes unproductive delays—the administrative burden of the procedural steps involved in handling applications to serve further evidence tends to outweigh any benefits of those procedures.
- As with extensions of time, the discretion to refuse further evidence appears to have become quite narrow, despite the fact that it frequently does not assist in resolution of the proceedings.
- IP Australia is concerned that too broad a discretion to admit further evidence may take parties' focus away from the necessity of adhering to the statutory periods for providing evidence.
- Finally, the further evidence provisions would require consequential changes under proposal 3.7 above in any event. If the provisions for extending periods for serving evidence are tightened up, a likely consequence would be more attempts by parties to rely on the further evidence provisions, unless these were also tightened up.

72. There is an alternative means by which the Registrar is currently able to consider information which is in the possession of IP Australia. There is a general power for the Registrar to take such information into account in making a decision—regulation 21.19 of the Trade Marks Regulations. Before relying on this provision, the Registrar must:

- if the information is not known to a party—provide it with the information
- give the parties a reasonable opportunity to make representations about the information.

73. This power is discretionary—the trade marks legislation does not provide parties with a right to urge the Registrar to make use of this power.

74. To address concerns with the further evidence provisions, IP Australia proposes the following change:

3.9 Proposed change

- The further evidence provisions would be repealed.
- Parties would be able to provide any information they desire to IP Australia at any stage—however, they would not be entitled to serve this information as 'further evidence' in an opposition.



75. The aim of this proposal is to expedite oppositions by ensuring that all evidence to be considered in an opposition is provided during the statutory periods (or those periods as extended).

76. Evidence provided outside these periods would generally *not* be part of the opposition process. Where evidence was provided outside the statutory period, the Registrar would consider this evidence and decide on the most appropriate action, bearing in mind that the primary focus of this proposal is on reducing delays in the opposition process.

- If the Registrar considered that the information was of relevance to the registrability of a trade mark, the Registrar could consider the evidence outside the opposition process, for example, revoking acceptance of the application.
- The Registrar would have discretion to consider the evidence during the opposition, if he or she considered that to be more appropriate. However, it is not expected that this would be a frequent occurrence. In this case, the existing procedure under regulation 21.19 of the Trade Marks Regulations would be followed.
- If the Registrar considered that the information would not affect the registrability of the trade mark, he or she would give it no further consideration.

3.10 Production of documents or articles, summoning of witnesses

77. The Registrar has powers to compulsorily summon witnesses and require production of documents or articles. In recent years, IP Australia has received a growing number of requests for exercise of these powers, usually from parties to opposition proceedings. It can be a criminal offence for a person to fail to produce documents or articles, or to fail to comply with a summons. Additionally, it can be an offence if a person who appears before the Registrar refuses to give evidence.

78. IP Australia's experience has been that documents or articles produced under these requirements are often not particularly relevant, and that the provisions tend to delay oppositions with no accompanying benefit.

79. One source of delay is that, under the existing provisions, it can be difficult for the Registrar to resist exercising these powers when asked to do so by a party. This causes potential delay to the proceedings and expense to the parties, who are obliged to comply with the Registrar's requirement.

80. This would be less of a problem if the documents or articles produced under the requirement were of relevance to the outcome of the proceedings. But this is often not the case.

81. A major cause of this problem is that the Registrar is not currently required to be satisfied that the documents requested are *actually* relevant to the opposition—he or she is obliged to require production of documents or articles if the material sought to be produced is merely *arguably* relevant to the issues before the Registrar. The Registrar is able to reject a request that is fanciful or purely speculative, but otherwise is generally required to comply with the request. This test obliges the Registrar to require production of a range of documents or articles which are not particularly relevant to the proceedings, and which generally do not assist in resolving the matter, but which can put the other party to expense and can delay resolution of the opposition.



82. A potential for further delay arises from the possibility of dealing with jurisdictional challenges to the Registrar's powers.²⁷ Such challenges could add procedural delay and costs, and would have the potential to undermine the operation of the provisions.

83. In reconsidering these provisions, IP Australia has also questioned the appropriateness of the criminal sanctions which accompany the Registrar's powers. IP Australia considers that an administrative sanction expressly permitting the Registrar to take any non-compliance into account adversely to a party would be more appropriate. Such a sanction would be a stronger means of enforcing compliance with the Registrar's powers, and would have a more direct impact on the proceedings before the Registrar.

84. To address these concerns, IP Australia proposes the following changes:

3.10 Proposed changes

- The Registrar would only be able to exercise the powers to summon witnesses or require production of documents or articles if he or she was satisfied that this would substantially contribute to making the correct decision in the proceedings. The onus would be on the person making the request to satisfy the Registrar of this.
- The Trade Marks Act would be amended to put beyond doubt the powers of the Registrar to require production of documents or articles from, or summon witnesses who are, parties directly involved in the proceedings before the Registrar, whether or not those parties are within Australia.
- The existing criminal sanctions for non-compliance would be repealed.
- A new non-criminal sanction for non-compliance would be introduced, under which the Registrar would be able to draw a reasonable inference from a person's failure:
 - to comply with a requirement to produce documents or articles
 - to appear in response to a witness summons
 - or
 - to refuse to give evidence when appearing as a witness.

85. Some parties might anticipate that this proposal would impact on them unfavourably, in that it might prevent them from obtaining information which is potentially relevant to a proceeding before the Registrar. This is not a significant risk. Under the proposed test, the Registrar would be able to require production of documents that would contribute to resolution of a matter, and only such documents. This would tend to admit relevant documents and restrict documents which are largely irrelevant.

²⁷ For example, it has been alleged that the corresponding powers of the Commissioner of Patents under the *Patents Act 1990* do not extend to parties who are located overseas: *Arakis Ltd v. Media Pharma GMBH & Co KG* [2008] APO 34 (16 December 2008). However, the Commissioner was not required to decide this issue in the decision.



86. The Commissioner of Patents and the Registrar of Designs have similar powers, with similar sanctions, under the *Patents Act 1990* and the *Designs Act 2003* respectively. Similar amendments are proposed to those Acts.²⁸

3.11 Summary of submissions

87. Summaries of submissions can be an important feature of the hearing process. They permit the matters of contention between the parties to be narrowed and focussed, and can help the hearing officer to be appropriately prepared. This has the potential to permit a swifter and more efficient opposition process, to the benefit of all participants.

88. At present, the Registrar requests submissions to be provided prior to a hearing. However, sometimes they are either not provided, or are provided too close to the hearing date to be of much assistance. There are sometimes disputes as to whether summaries may be released to other parties.

89. To address this, IP Australia proposes the following changes:

3.11 Proposed changes

- Parties appearing before the Registrar would be required to provide a summary of submissions prior to the hearing.
 - For the opponent—the submissions would be required to be filed and served on the other party at least 5 business days before the date set for the hearing.
 - For the applicant—submissions would be required at least 2 business days before the hearing.
- Each party would serve its submissions on the other party: IP Australia would not be responsible for doing this.
- These time periods could not be extended. Failure to comply would be a matter that may be taken into account in any award of costs.

90. This proposal is illustrated graphically in **Figure 3** on page 23. This proposal reflects the fact that, at the hearing, the opponent usually presents its case first, and the applicant responds to this. So the proposal requires the opponent to provide its summary submissions first, and gives the applicant a short while to prepare and provide its summary response.

91. IP Australia has considered introducing a fee to encourage compliance with the obligation, but does not favour this option due to the complexities of implementing it. Nor would adjournment be an effective sanction, as it would frustrate the aim of expediting proceedings. Specifying a page limit for summary submissions is not proposed due to the added complexity involved in enforcing such a requirement. Instead, overly long submissions could be dealt with in other ways, for example, through appropriate costs orders.

²⁸ See the IP Australia consultation paper 'Resolving patent opposition proceedings faster' at www.ipaustralia.gov.au.



4. Questions for consideration

Please consider the questions below in relation to each of the proposals.

1. Do you agree in principle with the proposals outlined in this paper?
2. Do you think that the formulations put forward in this paper are the best solutions?
3. Proposal 3.11 above proposes time limits for supplying summary submissions, and proposes a sanction for not supplying submissions within these time limits. The proposal also considers some alternative sanctions that have been discussed previously with stakeholders.
 - (a) Are these time periods suitable for an opposition, or should they be longer or shorter?
 - (b) Do you have any other suggestions for a suitable sanction?
4. The current statutory periods for providing evidence in an opposition are 3 months. These are capable of extension in limited circumstances.

Are these statutory periods appropriate within a trade marks opposition, or ought they to be longer or shorter?

In each case, please provide reasons and support for your answers.

Resolving Trade Mark Opposition Proceedings Faster

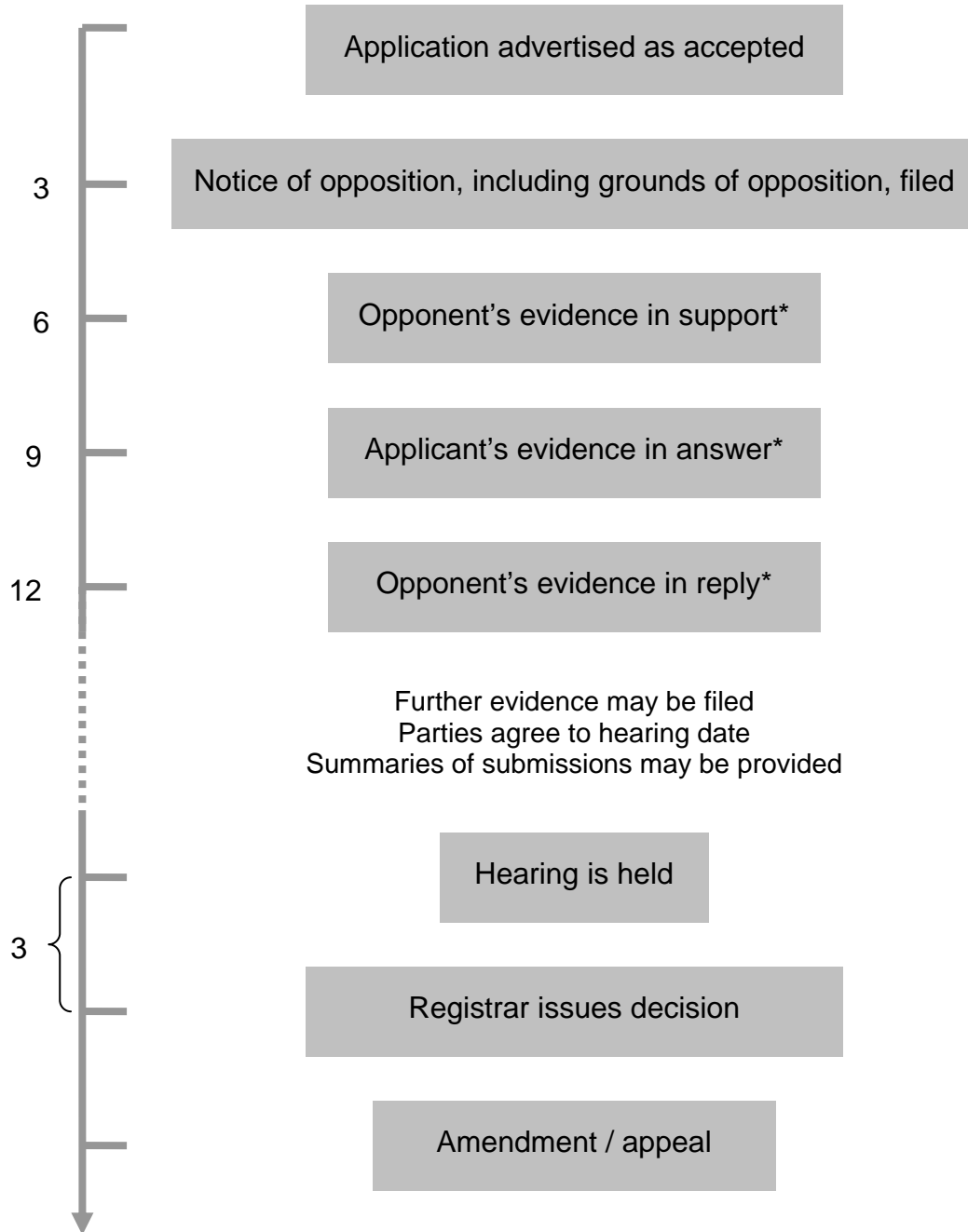


Figures

Figure 1: Typical steps in substantive opposition to registration of a trade mark

months

IPAustralia Library



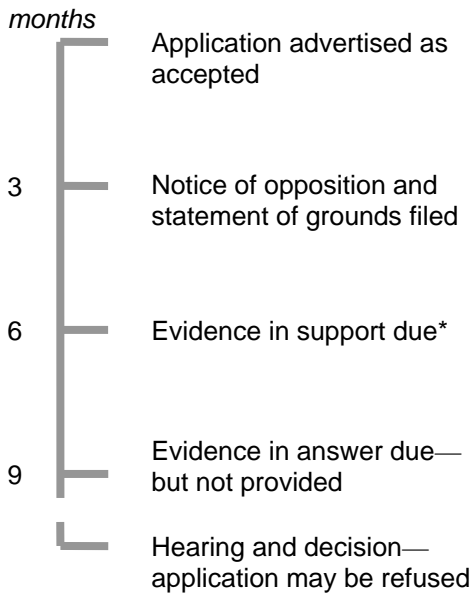
* unless period is extended

Resolving Trade Mark Opposition Proceedings Faster



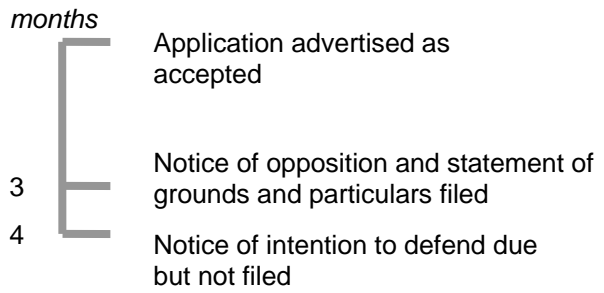
Figure 2: Proposal for notice of intention to defend: uncontested opposition

Existing process



Application may be on foot for almost a year; opponent must prepare evidence even though applicant is not participating

Proposed process



Application lapses after 4 months if notice not provided; opponent need not prepare evidence

* unless period is extended

Figure 3: of operation of summary of submissions proposal—hearing due to be held on a Thursday business days

