

Trademarks

Contributing editors

Claus Eckhardt and Christine Fluhme



2019

GETTING THE
DEAL THROUGH 

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Trademarks 2019

Contributing editors

Claus Eckhardt and Christine Fluhme
Bardehle Pagenberg Partnerschaft mbB

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Preface

Trademarks 2019

Fifteenth edition

Getting the Deal Through is delighted to publish the fifteenth edition of *Trademarks*, which is available in print, as an e-book, and online at www.gettingthedealthrough.com.

Getting the Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique **Getting the Deal Through** format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on the Bahamas, Greece, Saint Lucia and Ukraine.

Getting the Deal Through titles are published annually in print. Please ensure you are referring to the latest edition or to the online version at www.gettingthedealthrough.com.

Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Getting the Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. Getting the Deal Through would like to extend special thanks to the contributing editors Claus M Eckhardt and Christine Fluhme of Bardehle Pagenberg Partnerschaft mbd for their assistance with this edition.

GETTING THE
DEAL THROUGH 

London
September 2018

Australia

Marie Wong

Wrays

1 Ownership of marks

Who may apply?

Any person (whether an individual, company, incorporated or unincorporated association, or other legal entity) who claims to be the owner of the trademark may apply for registration of a trademark in Australia as long as they:

- are using or intend to use the trademark in relation to the goods or services being claimed;
- have authorised or intend to authorise another person to use the trademark in relation to the goods or services being claimed; or
- intend to assign the trademark to a body corporate that is about to be constituted, with a view to the use by the body corporate of the trademark in relation to the goods or services being claimed.

No statement of use is required at the time of application and the act of applying for registration will generally be taken to indicate use or intended use sufficient for entitlement to registration.

2 Scope of trademark

What may and may not be protected and registered as a trademark?

A 'sign' used, or intended to be used, to distinguish the goods or services of one trader from another may be protected and registered as a trademark; and 'sign' is defined without limitation under the Australian Trade Marks Act to include the following, or any combination of the following: any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent. Given the expansive definition, 'signs' such as movements, textures and tastes have also been the subject of trademark applications in Australia.

As a trademark must be distinguishable, major geographical names, common surnames and highly laudatory or descriptive words that may be required by other traders to describe their goods or services will generally not be protectable as a trademark without evidence of acquired distinctiveness (often requiring at least five years of evidence of extensive use in Australia). Similarly, shapes or designs that are common to the trade or serve a functional purpose may not be easily accepted for registration without substantial evidence of use.

Despite the above, non-traditional marks, such as shapes, sounds, smells and designs are registrable as trademarks in Australia, provided that they are capable of being distinguished and of being described and recorded in the Australian Register of Trade Marks (Register). Examples of non-traditional trademarks that are recorded on the Register include:

- Australian trademark number 745,164: a device shape mark for a tap applied to the roof of a car, as shown in representations accompanying the application, registered in class 37 for plumbing services. The endorsement is:

[t]he trade mark consists of a three-dimensional shape of a tap applied to the roof of a vehicle. The trademark is shown in the representations accompanying the application, wherein the shape of the vehicle as shown in phantom is to be disregarded;

- Australian trademark number 899,848: a composite colour mark for black and gold diagonal striping applied to a vehicle, registered in classes 37 and 39 for motor vehicle maintenance and breakdown services and towing services. The endorsement is:

[t]he trade mark consists of the distinctive marking of a vehicle as depicted in the accompanying representations; a GOLD coloured upper and lower portion divided by a BLACK and GOLD diagonal striping section, and the RAC WA shield logo;

- Australian trademark number 1,241,420: a scent mark for the scent of a native Australian tree species with a distinctive scent, registered in class 28 for golf tees. The endorsement is '[t]he mark consists of a Eucalyptus Radiata scent for the goods'; and
- Australian trademark number 759,707: a sound mark for what is described as the words 'Ah McCain' followed by a 'ping' sound, being a high-pitched ping sound of short duration, followed by the words 'You've Done It Again', registered in classes 29 and 30 for fresh and frozen foodstuffs.

Trademarks that contain or consist of scandalous matter or certain signs (such as 'Patent', 'Copyright' or 'Registered Design', among others) or the arms or emblem of an Australian city, town, authority or public institution are generally not registrable.

3 Common law trademarks

Can trademark rights be established without registration?

Yes. Trademark rights can be established through use, whether the owner of the trademark seeks registration or not. Enforceable trademark rights will be established where the trademark owner can establish use of a trademark to such an extent that the mark has come to be exclusively associated with the owner's goods or services. Such rights are typically enforced through common law actions for passing off, or statutory actions for misleading and deceptive conduct and misrepresentation under Australian consumer protection legislation.

Provided that the trademark owner has used the mark to a sufficient extent and developed sufficient reputation in the mark, it will have equivalent rights to the owner of a registered trademark, namely, to use the mark exclusively in relation to the goods or services for which the trademark is being used and to exclude others from using a deceptively similar trademark. However, given the evidentiary burden, time, expense and cost often involved in establishing common law trademark rights, as well as additional statutory remedies available for infringement of a registered trademark, trademark registration is preferable.

4 Registration time frame and cost

How long does it typically take, and how much does it typically cost, to obtain a trademark registration? What circumstances would increase the estimated time and cost of filing a trademark application and receiving a registration? What additional documentation is needed to file a trademark application?

The earliest that a trademark application can be registered in Australia is approximately seven months from the date of filing in order to meet

Australia's international obligations to recognise priority claims from Paris Convention countries. However, the typical time for a trademark application to progress to registration, assuming no substantive objections or oppositions to registration are raised, is approximately 10 to 12 months from the date of filing.

The government body that administers the examination and registration of trademarks in Australia is known as IP Australia. A trademark application will usually be subjected to examination by IP Australia approximately two to four months after filing. However, it is possible to reduce this time to four weeks by requesting expedited examination of the application. A request for expedited examination must be accompanied by a declaration setting out the circumstances that necessitate early examination of the trademark, such as an impending product launch or risk of infringement.

Another alternative to expediting examination is to file a trademark application via the 'TM Headstart' process. This service allows a trademark applicant to obtain a quick, preliminary assessment from IP Australia (within five days) as to registrability of a proposed trademark by paying an initial proportion of the usual application fee. Depending on the results of the assessment, a trademark applicant may then take steps to either: pay the remaining fee and convert the application into a standard application, in which case it will undergo substantive examination again within approximately two to three weeks (although this is a fresh examination, new issues are rarely raised) and proceed in the ordinary course; abandon the application if insurmountable obstacles to registration are identified; or amend the application in an attempt to overcome the issues raised on assessment.

The cost to file and register one trademark in one class would typically be around A\$1,400 (including official government fees), assuming that the application proceeds to registration without objections or opposition. Multi-class applications can be filed in Australia and each additional class will add approximately A\$900 to the cost.

Further costs will be incurred if IP Australia issues an adverse examination report that requires a response. The extent of further costs (and time) incurred will be dependent upon the nature of the objections raised, but could range from A\$200, if a simple administrative issue is raised, to several thousands of dollars if multiple submissions or evidence of use is required.

The application is then open to opposition from third parties for a period of two months. If an application is accepted and a third party files an opposition to the trademark registration, this will also increase the time and cost associated with prosecuting the application. The increased time and cost will be that associated with defending the opposition proceedings.

To file a trademark application in Australia, a power of attorney is not required. All that is required are name and address details of the trademark applicant, details of the mark and a description of the goods and services claimed.

5 Classification system

What classification system is followed, and how does this system differ from the International Classification System as to the goods and services that can be claimed? Are multi-class applications available and what are the estimated cost savings?

The Nice classification system is followed in Australia, which is the International Classification of Goods and Services published by the World Intellectual Property Organisation. In addition, IP Australia maintains a database of IP Australia's determinations relating to classification of goods and services not covered by the Nice classification to assist examiners and trademark owners to search for and classify goods and services.

As mentioned above, it is possible to file multi-class applications in Australia. While the official fees incurred for filing are the same (and there is no longer a separate official fee per class upon registration) and will be charged at the same rate per class regardless of whether an application claims one or multiple classes, cost savings are generally derived from multi-class applications due to a reduction in the professional fees associated with filing and reporting on multi-class applications for the same mark.

6 Examination procedure

What procedure does the trademark office follow when determining whether to grant a registration? Are applications examined for potential conflicts with other trademarks? Are letters of consent accepted to overcome an objection based on a third-party mark? May applicants respond to rejections by the trademark office?

If objections to registration are raised by IP Australia upon examination of an application, applicants will be given 15 months from the date of issue of an adverse examination report to overcome all objections raised.

In addition to examination for compliance with formalities (eg, classification and owner identity issues), the primary substantive grounds upon which trademark applications are typically examined (and objections raised) are:

- for potential conflicts with prior, similar applications or registered trademarks; and
- whether they are capable of distinguishing the relevant goods or services.

Other grounds upon which trademark applications are assessed include whether the trademark:

- is scandalous or contrary to law, including whether its use would infringe copyright or contravene another legislative provision; or
- is likely to deceive or cause confusion, including whether it connotes a false geographical origin or approbation, endorsement or licence inherent in the mark.

If IP Australia raises obstacles to registration on the basis of one or more of the above-listed grounds, an adverse examination report will be issued with a deadline of 15 months from the date of issue of the report to finalise the application. This 15-month period can be extended for up to six months upon payment of fees to IP Australia, and for further periods of time upon payment of fees and sufficient circumstances warranting further extensions. It is also possible to defer the examination process in some instances.

If IP Australia raises obstacles to registration of a trademark on the basis of prior, similar trademarks (cited marks), the applicant can typically respond in one or more of the following ways, depending on the extent of the obstacle raised:

- file submissions seeking to distinguish the trademark from the cited marks, either in terms of overall impression of the marks or the goods or services claimed;
- file evidence of prior or honest concurrent use of their trademark;
- amend the specification to exclude conflicting goods or services;
- seek consent from the owner of the cited marks and file a signed letter from the owner confirming consent to use and registration of the trademark; or
- seek to remove the cited marks from the register for non-use.

If IP Australia raises obstacles to registration of a trademark due to lack of distinctiveness, the applicant can endeavour to respond with written submissions setting out the reasons why the trademark distinguishes the relevant goods or services or by filing evidence of use of the trademark to demonstrate acquired distinctiveness.

If IP Australia raises no obstacles to registration or all obstacles are addressed, the trademark will be advertised as accepted and open to opposition from third parties for a period of two months. Assuming no opposition, the certificate of registration will be issued upon payment of registration fees.

7 Use of a trademark and registration

Does use of a trademark or service mark have to be claimed before registration is granted or issued? Does proof of use have to be submitted? Are foreign registrations granted any rights of priority? If registration is granted without use, is there a time by which use must begin either to maintain the registration or to defeat a third-party challenge on grounds of non-use?

It is not necessary for a trademark to have been used in order to obtain or maintain an Australian trademark registration, and the act of applying for registration will generally be taken to indicate use or intended

use providing entitlement to registration. However, evidence of use of a trademark might be required to be submitted to obtain registration in certain circumstances; for example, when objections to registration have been raised on the basis of distinctiveness or a prior similar mark and evidence is required in order to prosecute a trademark application to acceptance.

Australia is party to the Paris Convention and grants priority to applications filed in other Convention countries within a period of six months.

Although use is not required to maintain an Australian trademark registration, a trademark must be used within five years after the effective date of registration to avoid being vulnerable to removal from the register for non-use. After five years, the trademark will be vulnerable to removal if it has not been used at any time within a continuous period of three years ending one month before the removal application for non-use is filed. However, use is not monitored by IP Australia and any removal for non-use is generally only at the instigation of a third party. A removal application can be defeated by demonstrating use within the relevant three-year period or if other certain special circumstances of non-use are established.

In addition, a trademark registration may be vulnerable to removal at any time if it can be established that, on the day on which the application for registration was filed, the applicant had no intention to use the mark in good faith in Australia.

8 Appealing a denied application

Is there an appeal process if the application is denied?

If IP Australia intends to reject a trademark application, it must first give the applicant an opportunity of a hearing before issuing the final rejection of the application. Attendance at a hearing can be in person, by telephone or videoconference link. The hearing officer exercises an administrative rather than judicial role and proceedings are less formal than in a court. If the hearing officer maintains the rejection, a final decision rejecting the application is made.

A decision rejecting the application can be appealed to the Federal Court or the Federal Circuit Court of Australia within 21 days of receiving the decision (extensions of time are available in some circumstances). However, such an appeal is, in fact, heard on a *de novo* basis, meaning that it is considered from new: the previous decision of IP Australia is not taken into account and new evidence and submissions can be relied upon. Thus, an appeal to the court provides the trademark applicant with a second opportunity to argue in full the basis upon which its trademark application should be registered.

A decision of the Federal Court or the Federal Circuit Court of Australia to reject a trademark application can be appealed to the full Federal Court (comprising a panel of three Federal Court judges) or in some instances a single judge in the case of appeals from the Federal Circuit Court, but only with leave of the Federal Court. An application for leave to appeal must be made within 14 days after the date on which the judgment was pronounced or the order was made.

It may also be possible to apply to the Federal Court or the Federal Circuit Court of Australia (within 28 days of receiving a decision rejecting the application) for a review of the manner in which IP Australia's decision to reject the application was made (eg, on grounds of a breach of natural justice or a decision induced by fraud) under the provisions of the Administrative Decisions (Judicial Review) Act 1977 (Cth). However, the effect of a successful review is that the original decision will be set aside and the making of the decision simply remitted back to IP Australia for further consideration in accordance with the law.

9 Third-party opposition

Are applications published for opposition? May a third party oppose an application prior to registration, or seek cancellation of a trademark or service mark after registration? What are the primary bases of such challenges, and what are the procedures? May a brand owner oppose a bad-faith application for its mark in a jurisdiction in which it does not have protection? What is the typical range of costs associated with a third-party opposition or cancellation proceeding?

Trademark applications are published for opposition by being advertised as accepted in the Australian Official Journal of Trade Marks.

All trademark applications are open to opposition by third parties for a period of two months following advertisement of acceptance. The grounds on which a third party may oppose a trademark application are the same as the grounds on which IP Australia can raise objections to registration (bar one), together with some additional grounds.

The grounds for rejecting registration are on the basis that the trademark:

- does not distinguish the applicant's goods or services;
- is substantially identical or deceptively similar to a prior registered or pending trademark for the same or similar goods or services;
- contains certain signs (such as 'Patent', 'Copyright' or 'Registered Design', among others) or the arms or emblem of an Australian city, town, authority or public institution;
- is scandalous or contrary to law; or
- is likely to deceive or cause confusion.

A trademark can also be opposed on the basis that:

- the applicant is not the owner of the trademark (eg, because the third-party opponent asserts earlier use and therefore proprietorship in Australia);
- the opponent used its similar registered mark earlier than the trademark applicant (in circumstances where a trademark applicant was able to overcome this similar registered mark during the examination process by submitting evidence of prior use);
- the applicant is not intending to use the trademark;
- the trademark is similar to a trademark that has acquired a reputation in Australia (whether registered or not);
- the trademark contains or consists of a false geographical indication;
- the application was defective or accepted for registration on the basis of false information; or
- the application was made in bad faith.

Notice of opposition is a two-stage process consisting of the filing of a notice of intention to oppose by the opponent within two months of advertised acceptance of a trademark application, followed by a statement of grounds and particulars a month thereafter. The trademark applicant must file a notice of intention to defend the opposition within a further month, following which the opposition process commences and there is a process of evidence exchange and submissions leading up to the opposition hearing and determination. As with a decision to reject a trademark application, any opposition decision can be appealed to the Federal Court or the Federal Circuit Court as a *de novo* hearing.

A third party may file an application to remove a trademark for non-use if it has been registered for a minimum of five years and has not been used at any time within a continuous period of three years ending one month before the filing of the removal application.

If a third party claims that the trademark application was filed with no intention in good faith to use the trademark in Australia, a removal application can be filed in respect of the trademark at any time (whether prior to or after registration).

Provided that a trademark has not been registered for more than 12 months, a third party may also apply to IP Australia to have a trademark removed (or revoked) from the Register on the basis that it should never have been registered, taking account of any circumstances that existed when the trademark became registered. (It is also possible to seek revocation of acceptance of a trademark application that has not yet been registered, on the basis that it should not have been accepted taking into account all of the circumstances that existed when the application was accepted.) However, the act of revocation is entirely within the discretion of IP Australia, and there is no duty for it to consider whether to revoke registration on these grounds, whether or not it has been requested to do so.

The ability to file an opposition or removal application on the basis that the trademark application was filed in bad faith extends to a brand owner that does not yet have trademark protection within the jurisdiction, provided that it can otherwise establish the grounds for such opposition or removal.

A third party can also seek to cancel a trademark registration if the trademark is no longer capable of distinguishing (eg, because it has become generic) or if the third party can establish any of the grounds on which registration of the trademark could have been opposed. However, such a request for cancellation must be made before the court and is not administered by IP Australia.

The costs of applying to IP Australia to either oppose registration of a trademark or have a trademark application or registration removed for non-use, or no intention to use in good faith, can be relatively cost effective where the trademark owner does not challenge the application. In this instance, costs can be limited to the cost of filing the initial application (and any statement of grounds and particulars for an opposition) – around A\$400 for a simple removal application to A\$3,000 for an opposition (including any official government fees payable). However, if an opposition or removal application is challenged, and evidence and a hearing required, costs can be in the range of A\$40,000 to A\$80,000 and higher for a fully contested hearing.

The costs of applying to cancel a trademark registration before the court can be significantly higher and in the range of A\$50,000 to A\$200,000 and higher, depending on whether any cross-claims are involved.

10 Duration and maintenance of registration

How long does a registration remain in effect and what is required to maintain a registration? Is use of the trademark required for its maintenance? If so, what proof of use is required?

Trademark registration remains in effect for 10 years from the effective date of registration, and can be renewed indefinitely for successive 10-year periods by payment of a renewal fee. No proof of use is required to renew a trademark. However, as mentioned above, a trademark will be vulnerable to removal from the Register if it has not been used within a continuous period of three years following five years of registration.

11 The benefits of registration

What are the benefits of registration?

The benefit of trademark registration is the presumption of proprietorship and exclusivity to use the mark in connection with the registered goods and services, arising from registration. Provided that there is no challenge to the registration itself, the use by a third party of a similar mark for similar goods or services will, prima facie, constitute trademark infringement. In contrast, common law rights (in an action for passing off) are typically more difficult to establish and costly to enforce due to the evidentiary burden, time, expense and cost involved in establishing reputation.

Additional benefits conferred by trademark registration include:

- notice to the public of the owner's interest in a trademark through recording on the Register;
- entitlement to additional (statutory) damages for flagrant infringement, recently made available under the Commonwealth Trade Marks Act 1995 (Australian Trade Marks Act); and
- as discussed further below, the ability for a trademark owner to provide a notice to the customs CEO requesting that customs seize at the Australian border and deal with goods that appear to infringe a registered trademark.

12 Licences

May a licence be recorded against a mark in the jurisdiction? Are there any benefits to doing so or detriments to not doing so?

A licence may be recorded against a registered trademark; however, the recordal of the licence is voluntary only and is not proof of the licence being claimed. The benefit of recording the licence on the Register (for a licensee) is that it puts others (in particular, prospective assignees) on notice of the licence and the applicant for recordal will be notified by IP Australia if the trademark is assigned.

13 Assignment

What can be assigned?

A trademark can be assigned together with its goodwill or without goodwill. Further, a trademark assignment can be made in respect of all goods and services to which the trademark registration relates or only in respect of some goods and services. Where assignment is made only in respect of some goods or services, a new trademark number will be allocated for the assigned goods or services.

A trademark assignment does not need to be made as part of a wider transaction, although it often is. A trademark can be assigned as a discrete transaction. However, an assignee of a trademark in a discrete transaction and without goodwill should be aware that acquiring rights in relation to a registration only could be redundant if the assignor otherwise retains and uses rights in relation to very similar marks that could render use of the assigned mark misleading or ineffective by its new owner.

14 Assignment documentation

What documents are required for assignment and what form must they take?

In order to record the assignment of a trademark on the Australian Register of Trade Marks, it is necessary to file an application to record the assignment or transmission, together with proof of title. Proof of title may consist of one of the following documents:

- deed of assignment;
- merger document;
- sale and purchase agreement;
- letter of assignment; or
- declaration.

The proof of title document must include the following information:

- the name and address of the assignee;
- the name, signature and position of the assignor;
- the trademark number of the mark being assigned;
- whether the assignment is full or partial; and
- if partial, the goods and services that are being assigned.

15 Validity of assignment

Must the assignment be recorded for purposes of its validity?

The Australian Trade Marks Act provides that an assignment of a trademark must be recorded on the Australian Register of Trade Marks. However, there is no time limit set for doing so and no direct consequences flow from failing to do so.

In practice, however, it is in the assignee's interests to record its rights in respect of the trademark as soon as practicable to ensure that it receives notices from IP Australia and can immediately enforce its rights against third-party infringement. In addition, failing to record an assignment on the Register leaves the trademark vulnerable to an application for removal or cancellation on the basis that it is not being used by its recorded owner or is not being used to distinguish the goods or services of its recorded owner.

16 Security interests

Are security interests recognised and what form must they take? Must the security interest be recorded for purposes of its validity or enforceability?

Security interests may be recorded on the Australian Register of Trade Marks, but recordals are simply such and do not confer priority or proof of the interest claimed. In order to ensure that security interests in trademarks are afforded priority in Australia, they must be recorded on the Australian Personal Property Securities Register.

17 Markings

What words or symbols can be used to indicate trademark use or registration? Is marking mandatory? What are the benefits of using and the risks of not using such words or symbols?

Marking to signify trademark ownership is not mandatory, but is highly recommended. The TM symbol may be used against unregistered trademarks (even where registration is not being sought). However, it is an offence to use the ® symbol until the trademark is registered in Australia.

The benefits of using these symbols is that it makes a party's registered or unregistered rights in the trademark clear, acting as a potential deterrent to infringement by other parties.

18 Trademark enforcement proceedings

What types of legal or administrative proceedings are available to enforce the rights of a trademark owner against an alleged infringer or dilutive use of a mark, apart from previously discussed opposition and cancellation actions? Are there specialised courts or other tribunals? Is there any provision in the criminal law regarding trademark infringement or an equivalent offence?

Enforcement of trademark rights is through legal proceedings. Proceedings are typically commenced in the Federal Court of Australia (as the Australian Trade Marks Act is a federally based statute), either in the regular list or in the fast-track list. Proceedings may also be commenced in the Federal Circuit Court.

The fast-track list of the Federal Court is well suited to straightforward intellectual property disputes with an estimated trial duration of less than five days and for which large volumes of evidence will not be required. In addition, while not a dedicated intellectual property court, many of the judges in the fast-track list are well versed in matters of intellectual property and trademarks.

Proceedings in the fast-track list are generally finalised more quickly and are less expensive (although not always) to run than cases in the regular list because of the simplified pretrial process, including restricted access to discovery.

In parallel with trademark infringement claims, it is common practice to assert claims in passing off and misleading and deceptive conduct (under Australian consumer law) and these claims form the basis for enforcement of unregistered trademark rights.

Remedies available to a successful party include:

- injunctive and declaratory relief;
- delivery or destruction of infringing goods and materials;
- damages or an account of profits at the trademark owner's election; and
- additional damages for flagrant infringement.

In addition to enforcement through legal proceedings, it is also possible for a registered trademark owner to provide a notice to the customs CEO requesting that customs seize alleged infringing goods at the Australian border. If a trademark owner or authorised user provides such a notice to the customs CEO, it will remain in force for a period of four years unless it is revoked by the party that originally provided the notice.

If customs seizes relevant goods, a seizure notice will be provided to the trademark owner and importer. Previously, the onus was on the trademark owner to commence proceedings against the importer of alleged infringing goods upon receipt of a seizure notice, failing which the goods would be released. The onus is now first on the importer to seek release of the goods by providing the customs CEO with sufficient information to allow the trademark owner to identify the true owner of the goods. Failure to provide these details will result in the goods being forfeited and destroyed.

Although a trademark owner must still commence proceedings for infringement to prevent the goods being released into Australia if an importer does seek their release, there are increased opportunities for the trademark owner to obtain important information prior to bringing an infringement claim and it is likely that the requirement for the importer to provide detailed contact information to obtain release of goods may act as a deterrent to more flagrant infringers of counterfeit goods.

There are also criminal offences relating to trademark infringement, however, these are enforced publicly through government agencies. Criminal offences under the Australian Trade Marks Act include:

- falsifying or removing a registered trademark;
- falsely applying a registered trademark;
- making a die, block, machine or instrument that is likely to be used for, or in the course of, committing a trademark offence;
- drawing or programming a computer or other device to draw a registered trademark or part thereof that is likely to be used for an offence;
- possessing or disposing of things for use in trademarks offences;
- selling, exposing, possessing or importing goods with false trademarks; and
- aiding, abetting, counselling or procuring any of the above offences.

19 Procedural format and timing

What is the format of the infringement proceeding?

As mentioned above, proceedings are typically commenced in the Federal Court of Australia, either in the regular list or the fast-track list, or in the Federal Circuit Court.

Proceedings commence with the filing of a statement of claim and originating motion setting out the elements of the trademark infringement claim (and any other claims) and relief sought. In the fast-track list, this is called the fast-track statement and originating application.

Within a set period of time, a defence and any counterclaim must be filed. Often, an alleged infringer may counterclaim by seeking to attack the validity of the trademark registration, on one or more of the grounds on which a trademark registration can be cancelled, or on the ground of non-use.

Discovery may or may not be ordered. In the fast-track list, discovery is typically not ordered (and if ordered will be limited to documents on which a party intends to rely and have a significant probative value adverse to a party's case) owing to the expedited nature of that list.

In trademark infringement proceedings, evidence in chief is typically presented by way of affidavits or witness statements exchanged by the parties before the trial, with witnesses then cross-examined on their evidence before the judge at hearing.

Expert evidence will typically only be appropriate where the court does not have the requisite capacity to assess a matter (eg, where deceptive similarity of two trademarks is to be assessed from the point of view of a very specialised audience) or at the quantum stage in assessing damages.

Hearings on intellectual property matters (including trademark infringement) are often split in order to assess liability before quantum. This is to avoid what can often be a complex and protracted hearing on issues confined to assessing damages, in circumstances where liability is ultimately not established. There are no juries for trademark infringement proceedings in Australia.

In the fast-track list, which is usually considered the most suitable forum for straightforward trademark proceedings, the matter could be heard in as little as four to six months, although this can be shorter or longer depending on the nature of the matter and what pretrial steps and processes are ultimately ordered. The Federal Circuit Court similarly adopts simpler pretrial steps and streamlined processes conducive to quicker and more cost-effective hearings.

In proceedings commenced in the regular list of the Federal Court of Australia, a matter could typically be heard within 12 to 24 months from commencement, depending on pretrial steps and what further interlocutory motions are made, the extent of any counterclaims and cross-claims, whether discovery is ordered, whether expert evidence is called upon and the complexity of the matter.

Decisions made in the Federal Court can be appealed to a full court of the Federal Court in certain circumstances (where there has been an error of law or a finding of fact on an important issue that could not be supported by the evidence), and to the High Court of Australia in very limited circumstances (requiring the court's special leave, and demonstration of a matter of public interest to be determined), adding further time to conclusion of a matter.

20 Burden of proof

What is the burden of proof to establish infringement or dilution?

The trademark owner must make out its claim of trademark infringement by establishing the elements of its claim on the balance of probabilities.

In general, the trademark owner will bear the onus of establishing that the alleged infringer has used a mark:

- as a trademark;
- that is substantially identical with, or deceptively similar to, the owner's registered trademark; and
- in relation to the goods or services in respect of which the trademark is registered, or goods or services that are of the same description or closely related to the goods or services in respect of which the trademark is registered.

The test of substantial identity requires an assessment of the respective marks compared side by side, their similarities and differences noted and the importance of their similarities and differences assessed having regard to the essential features of the prior registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison.

In contrast, the test of deceptive similarity is an assessment of the respective marks having regard to the impression based on recollection of the prior registered mark that persons of ordinary intelligence and memory would have of the marks, such that there is a real tangible danger of deception or confusion.

In considering whether there is a likelihood of deception or confusion, all surrounding circumstances will be taken into consideration, including the circumstances in which the marks will be used, the circumstances in which the goods or services will be bought and sold and the character of the probable acquirers of the goods and services.

Where a trademark infringement claim is made based on use of a mark in relation to goods or services that are not exactly the same as the goods and services in respect of which the trademark is registered, but in respect of goods or services that are of the same description or are closely related, it will be an additional defence to infringement (to be established by the alleged infringer on the balance of probabilities) that using the sign as the person did is not likely to deceive or cause confusion.

There is no anti-dilution provision in the Australian Trade Marks Act, per se, although there is an infringement provision that protects well-known trademarks where use of a substantially identical or deceptively similar mark in relation to goods or services that are unrelated to the registered goods or services would nevertheless likely indicate a connection between the well-known mark and the alleged infringer, such that the interests of the registered trademark owner are likely to be adversely affected. The trademark owner bears the onus of establishing that its registered trademark is well known, as well as how its interests would be adversely affected (whether economically through lost opportunity or licensing fees, or through a 'dilution' effect).

Some of the trademark criminal offences attract strict liability, while others have a fault element of knowledge, negligence or recklessness.

21 Standing

Who may seek a remedy for an alleged trademark violation and under what conditions? Who has standing to bring a criminal complaint?

A trademark owner or authorised user of a registered trademark may commence civil infringement proceedings against an alleged infringer. In the case of unregistered trademarks, both the owner and authorised users may also have standing to bring actions for unregistered trademark infringement through common law actions for passing off, or statutory actions for misleading and deceptive conduct and misrepresentation under Australian consumer protection legislation.

In relation to registered trademarks, the authorised user of a trademark may only commence infringement proceedings against another party, subject to certain limitations. The authorised user may commence infringement proceedings with the consent of the registered trademark owner at any time. If the authorised user has asked the registered owner to bring an action for infringement of the trademark, and the registered owner has refused or fails to bring such an action within a period of two months, the authorised user may commence infringement proceedings, but must join the registered owner as a defendant to the proceedings. However, in such circumstances, the registered owner is not liable for any costs if he or she does not participate in the proceedings.

Typically, a rights holder without an established presence or assets within the Australian jurisdiction will be requested (or ordered by the court) to provide security for costs as a condition of proceeding with an infringement claim.

Although the Australian Trade Marks Act does not expressly limit the persons who may prosecute an offence, criminal proceedings are generally brought by the Department of Public Prosecutions, upon referral by the Australian Federal Police.

22 Foreign activities

Can activities that take place outside the country of registration support a charge of infringement or dilution?

Activities outside of Australia cannot support a charge of infringement unless the conduct is shown to have been specifically directed to trade within Australia. Thus, an offer of goods and services on a website to the world at large will typically not constitute infringement in Australia unless there is evidence that a transaction between an Australian consumer and the website owner has been made through the website or there are objective factors that demonstrate that sales under the trademark are being specifically directed to Australia such as prices on the website stated in Australian dollars or promotion that the website owner delivers to Australia.

As above, a request may be issued to the customs CEO to seize and deal with goods sought to be imported into Australia and if the importation infringes or appears to infringe a registered trademark, assist to prevent infringing goods from entering the jurisdiction.

23 Discovery

What discovery or disclosure devices are permitted for obtaining evidence from an adverse party, from third parties, or from parties outside the country?

As set out above, discovery or disclosure may or may not be ordered during the trial process, depending on the nature of the case and issues and value involved. The Federal Court of Australia, in which most actions for trademark infringement are commenced, is typically leaning away from the ordering of broad documentary discovery given the excessive costs and burden typically involved.

In the Federal Court of Australia, the court will not order documentary discovery as a matter of course (even where the parties consent to discovery), unless it is necessary for the determination of issues in the proceeding.

In determining whether to order discovery, the court will have regard to the issues in the case and the order in which they are likely to be resolved, the resources and circumstances of the parties, the likely benefit and cost of discovery and whether the cost is proportionate to the nature and complexity of the proceeding. In cases where documentary discovery is warranted, it may be ordered to be provided in specific categories only. In particular, in the fast-track list, if discovery is ordered, it will be confined to documents on which a party intends to rely and that have significant probative value adverse to a party's case.

Additional discovery or disclosure procedures utilised in Australian court proceedings, which assist in elucidating key facts, documents and admissions, as well as limiting issues in dispute, include:

- notices to admit (facts and documents);
- notices to produce (documents referred to in pleadings and other court documents); and
- interrogatories (to answer written questions), although these do not often tend to be used in trademark infringement proceedings.

It is also possible to subpoena a third party to attend court, requiring them to give evidence or produce a document, or both. A third party may also be the subject of an order for discovery from outside the country, following procedures under the Hague Convention.

24 Timing

What is the typical time frame for an infringement or dilution, or related action, at the preliminary injunction and trial levels, and on appeal?

The length of time from the commencement of an infringement claim to trial and judgment is dependent upon the nature and elements of the dispute, but generally in the range of one to two years for proceedings commenced in the regular list of the Federal Court of Australia, and potentially as little as four to six months for proceedings commenced in the fast-track list or Federal Circuit Court.

Urgent preliminary injunctions of an interlocutory nature can be sought prior to commencement of proceedings (either ex parte where a search order to preserve evidence is sought, or inter parties), but the party applying for the preliminary injunction must typically provide an undertaking to the court that it will commence the main proceeding in

relation to the subject matter of the injunction within 14 days after the injunction application has been determined. Proceedings then continue in the ordinary course, although often the determination of an injunction successfully in one party's favour over another may be sufficient impetus for the parties to proceed to resolve a matter out of court. Where an injunction is granted in the rights holder's favour, it is typically a condition of the granting of the injunction that the rights holder provide an undertaking as to damages (for any loss incurred as a result of the granting of the injunction) in the event that the main proceedings are determined in the other party's favour and it is found that the preliminary injunction ought not to have been granted.

Appeals to the Full Federal Court must be commenced within 21 days after the date of a decision in the lower court, and appeals will typically be held within six to 12 months of filing a notice of appeal, depending on whether there is any cross-appeal and contention filed, the extent of any further preparation involved and the availability and dates on which the Full Federal Court is sitting on a particular circuit.

25 Litigation costs

What is the typical range of costs associated with an infringement or dilution action, including trial preparation, trial and appeal?

For a matter that proceeds to conclusion of trial, the costs of a typical trademark infringement claim in the Federal Court of Australia could generally be in the region of A\$120,000 to A\$200,000, and more (potentially in the range of up to A\$300,000 to A\$400,000) if extensive cross-claims are filed, there are many parties to the dispute and various interlocutory motions are filed and determined.

Costs may be lower when commencing proceedings in the fast-track list owing to the expedited pretrial process involved (in particular, the less onerous discovery obligations), the shorter time period to trial and the necessarily shorter duration of hearing (the fast-track list is only suitable for matters with an estimated trial duration of no more than five days).

Similarly, costs may be (or are intended to be) lower in the Federal Circuit Court due to simpler and speedier pretrial processes and lower court fees, although the costs recoverable for a successful party will also generally be lower.

The costs of appealing to the Full Federal Court of Australia could generally be in the region of A\$40,000 to A\$80,000, depending on the extent of the appeal (include the number and nature of the grounds of appeal) and any cross-appeal and contention claims filed.

In Australia a successful party to litigation will usually be awarded costs, calculated on a court scale. In practice, this means that the unsuccessful party will typically be required to pay approximately 30 per cent to 70 per cent of the successful party's costs (on what is referred to as a 'party-party' basis). The court is also able to award costs on an indemnity basis (a higher level of costs recovery) in certain circumstances, such as where a party made a settlement offer to the other party prior to trial that was better than the outcome ultimately achieved by that other party. In these circumstances, the party that rejected the better offer may be ordered to pay the successful party's costs from the time of the rejected offer on an indemnity basis.

26 Appeals

What avenues of appeal are available?

As mentioned above, appeals from decisions of the Registrar of Trade Marks lie to the Federal Court of Australia or the Federal Circuit Court to be determined as a de novo hearing.

Appeals from decisions of the Federal Court of Australia or Federal Circuit Court for enforcement proceedings can be appealed to a Full Court of the Federal Court of Australia where there has been an error of law or a finding of fact on an important issue that could not be supported by the evidence.

In exceptional circumstances, a decision of the Full Court of the Federal Court of Australia can be appealed to the High Court of Australia, Australia's highest court. However, appeals can only be taken to the High Court with special leave of that court, where it can be demonstrated that the matter to be appealed involves an unsettled question of law that is of public importance to be determined by the highest court in the jurisdiction.

27 Defences

What defences are available to a charge of infringement or dilution, or any related action?

A person defending a claim of trademark infringement may seek to argue that the elements of the claim have not been established because the person is not using a mark:

- as a trademark;
- that is substantially identical with, or deceptively similar to, the owner's registered trademark; or
- in relation to the goods or services in respect of which the trademark is registered, or goods or services that are of the same description or closely related to the goods or services in respect of which the trademark is registered.

In addition, where the goods or services are only of the same description or closely related to the goods or services in respect of which the trademark is registered, a defence may be established if using the sign as the person did is not likely to deceive or cause confusion.

The Australian Trade Marks Act provides further specific defences to infringement, including where the person:

- used a person's name or place of business in good faith;
- used a sign in good faith to indicate the kind, quality, quantity, intended purpose, value, geographical origin, time of production of goods or rendering of services;
- used the trademark in good faith to indicate the intended purpose of goods;
- used the trademark for the purpose of comparative advertising; and
- exercised a right to use the trademark given under Australian trademarks legislation.

Further, a person does not infringe a registered trademark where the person can demonstrate that it would obtain registration of the trademark (or a substantially identical or deceptively similar mark) if applied for in that person's name, due to being a prior or honest concurrent user of the mark.

Defences to infringement can also include defences based on consent or licence (either contractual or otherwise), acquiescence, laches and estoppel.

Typical counterclaims to an allegation of trademark infringement include that the trademark has lost its distinctiveness or is liable for cancellation for some other reason or is vulnerable to removal for non-use (eg, if the registered owner has not been using its trademark in Australia during the requisite period in the form appearing on the Register).

28 Remedies

What remedies are available to a successful party in an action for infringement or dilution, etc? What criminal remedies exist?

The primary relief sought by a successful party to an action for infringement is typically injunctive, that is, an order permanently preventing the other party from engaging in the infringement. Declarations of infringement can also be made.

Other remedies available to a successful party are:

- an order for delivery or destruction of infringing goods and materials;
- damages or an account of profits; and
- additional damages for flagrant infringements.

In addition, as above, the successful party will typically be awarded its costs (on a party-party basis).

In order to obtain an interlocutory injunction (that is, injunctive relief before the primary proceeding is heard in full and determined), the rights owner must establish that the following requirements for an urgent interlocutory injunction are satisfied:

- there must be a serious question to be tried (ie, the applicant has made out a prima facie case, such that there is a reasonable probability of the rights holder succeeding at trial); and
- the balance of convenience favours the granting of the injunction.

When assessing the balance of convenience in favour of granting or not granting an interlocutory injunction, the court will have regard to the following factors:

- hardship to either party or a third party;
- risk of irreparable damage to the applicant;
- any delay by the applicant;
- the adequacy of the applicant's undertakings as to damages (the applicant's undertaking that it will compensate the respondent for any injury or loss sustained by the respondent if the injunction is later found to be wrongly granted);
- the need to protect the applicant's business goodwill;
- harm to the respondent's business goodwill; and
- whether damages would be an adequate remedy. For example, where the applicant would otherwise suffer irreparable harm (eg, the collapse of a business, or the benefit of a status quo that cannot be adequately regained or compensated through damages) an injunction will more readily be granted. In addition, it will be relevant to consider the respondent's ability to pay damages in the event that infringement is established.

As mentioned above, it is typically a condition of the granting of the interlocutory injunction that the rights holder provide an undertaking as to damages (for any loss incurred as a result of the granting of the injunction) in the event that the main proceedings are determined in the other party's favour and it is found that the preliminary injunction ought not have been granted. The applicant may then apply for the injunction to be made permanent following a successful outcome in the primary proceeding or may be called upon to undertake to pay damages if unsuccessful.

29 ADR

Are ADR techniques available, commonly used and enforceable? What are the benefits and risks?

ADR techniques are available and encouraged in the Australian legal system. Such forms of ADR are mediation, arbitration and conciliation.

Mediation, either before a registrar of the court or before a private mediator, is typically ordered as part of the pretrial process in the Federal Court of Australia. The benefit of mediation is that the parties have control over the terms on which an outcome is reached and the parties are not compelled to accept a resolution that they do not agree with (in comparison to an arbitration or a decision imposed by a court).

The settlement reached between the parties at mediation is typically recorded in a deed of settlement, which can be kept confidential and enforced as a contract in instances of breach. However, sometimes the parties will seek that the court make certain consent orders or declarations as to infringement as part of a mediated outcome.

30 Famous foreign trademarks

Is a famous foreign trademark afforded protection even if not used domestically? If so, must the foreign trademark be famous domestically? What proof is required? What protection is provided?

A famous foreign trademark can be afforded protection in Australia, even if not used domestically, provided that it is sufficiently well known among members of the Australian public. It is now well established in Australia that 'spillover reputation' through trading activities in other jurisdictions, such as advertisements from overseas and the knowledge of returning travellers, is sufficient reputation to give rise to a claim against another party using the mark in Australia for passing off or misleading and deceptive conduct in contravention of Australia consumer protection legislation. The protection afforded by these claims will be to the extent necessary to ensure passing off and confusion does not occur among Australian consumers.

As there is no requirement of use in order to obtain trademark registration in Australia, a foreign trademark can also be protected through registration, although it will be vulnerable to attack and removal from the Register for non-use if not used in Australia within five years of the initial registration date.

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