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# Review of changes in opposition procedures after Raising the Bar

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## Introduction

The Intellectual Property Laws Amendment (Raising the Bar) Act 2012 (Cth) (Act) came into effect on 15 April 2013. The Act revised many areas of Australian trade marks law. In particular, the Act (and accompanying regulation amendments)<sup>2</sup> sought to strengthen and streamline the trade mark opposition and enforcement system by making significant changes to the Trade Marks Act 1995 (Cth) (TMA) and Trade Marks Regulations 1995 (Cth) (TMR).

The most significant aspects of the trade mark law reforms brought in by the Act are:

- the inclusion of a presumption of registrability for marks with respect to descriptiveness;
- a revised process for the opposition of trade mark applications;
- a strengthened customs seizures regime;
- an increased variety of options for the enforcement of trade mark rights; and
- an extension of attorney-client privilege to fully embrace trade mark attorneys.

This article focuses on the changes to the trade mark opposition process.

## Reform of the process for opposition of trade mark applications

One of the most significant consequences of the Act is to alter the process for opposing applications for registration of trade marks, with a strong focus on reducing the potential for delays in opposition proceedings. Some of the changes include:

- opponents no longer have to notify the applicant of the opposition or serve evidence on the other party, as this is now undertaken by IP Australia;
- opponents are required to file a notice of intention to oppose (NIO) within two months of the advertisement of acceptance of the trade mark, and then file a statement of their grounds and particulars for

the opposition (SGP) within one month of filing the NIO in order to complete the filing of the notice of opposition. This reform is intended to prevent opponents from claiming all grounds of opposition unless warranted;

- applicants are required to file a notice confirming their intention to defend their mark (NID) against the opposition within one month of being served with the SGP by IP Australia. If the applicant fails to do this the application for registration will lapse. This is to ensure that the opponent need not pursue the opposition process to hearing without the participation of the applicant, as was previously possible;
- the period for service of reply evidence has been shortened to two months. This also assists in speeding up oppositions as many oppositions do not need any reply evidence or only a short statutory declaration in response;
- extensions of time are still available but they will be significantly harder to obtain;
- a cooling off period may be requested after the statement of grounds and particulars is filed to enable the parties to negotiate a resolution of the dispute. The period of cooling off is six months and this may be extended by one further period of six months; and
- the registrar can now order that the parties only file and serve written submissions in support of their evidence and that no oral hearing be conducted.

All of these changes are overtly designed to streamline the opposition process, which had been considered by some to be overly cumbersome. Prior to the enactment of the Act, trade mark oppositions in Australia often ran for three to five years due to unreasonable delays at each step of the process. The changes to the opposition procedures are designed to speed up proceedings, including by a summary dismissal of an application if the trade mark applicant chooses not to defend the opposition.

## Commencement of an opposition — Notice of intention to oppose (NIO)

The opposition process is initiated by filing a NIO at IP Australia, accompanied by the appropriate fee in an approved form and within the period allowed by the regulations.

The period of time to file a NIO in Australia has been reduced from three months to two months from the date of advertisement of the acceptance of a trade mark in the Official Journal. The opposition period remains three months, however the first step, the filing of the NIO, must be filed within two months.

### *Extension of time to file NIO*

Prior to the commencement of the Act it was very common for opponents to file an application for an extension of time on the last possible date on the basis of “undergoing research” as to whether or not to file a notice of opposition. The period of extension sought was invariably three months. Practically speaking, this meant that some oppositions were not commenced until six months after advertisement of the opposed trade mark in the Official Journal. There is now no scope to seek an extension of time to file the NIO on the ground of “undergoing research”. As a result, up to four months have been stripped out of the opposition process before it has even started.

The other ground for seeking an extension of time — namely that an error or omission had occurred — remains in the TMA after the changes brought by the Act. This reason for an extension request had the practical effect of saving an opponent in circumstances where it wanted to oppose a mark but could not do so for some reason outside its control. This ground was not commonly used and was not amended by the Act, given that a party should always be entitled to correct an error that was made by an agent or by IP Australia itself.

### *Time served*

A further change is that IP Australia now serves the NIO on the trade mark applicant. By requiring IP Australia to serve all documents in an opposition itself, the Act has done away with the inconsistency between:

- the times that were counted from the time a document was filed with IP Australia (the notice of opposition being one example) and

- those times that were counted from the time of service on the opponent (such as evidence in support).

## **Statement of grounds and particulars (SGP) — getting to the bottom of things upfront**

The NIO is a tick-the-box form, not requiring any information to be provided by the opponent regarding the grounds of opposition. However, the next step in completing the notice of opposition — filing the SGP within one month of the NIO — requires some real thought by the opponent at this very early stage in the opposition, as the SGP must set out the grounds on which the opposition will be founded and must include adequate particulars that support those grounds.

Under the previous system, opponents commonly ticked every available box to ensure that they were not precluded from arguing a ground of opposition at the hearing. Practically speaking, this meant that in every opposition proceeding, opponents ticked boxes such as:

- the trade mark contains a false geographical indication under s 61 TMA even when the trade mark was a logo without any words;
- the trade mark was scandalous under s 42(a) TMA even when it was something as bland as TIGERS; and
- the trade mark did not distinguish the applicant’s goods and services under s 41 TMA even where it was an invented word.

As a result, the trade mark applicant often did not know the true grounds of opposition until two weeks before a hearing and perhaps years after they filed their evidence in answer to the opposition. Under the new system, IP Australia is being quite vigilant to ensure that the SGP reads more like a statement of claim in a Federal Court proceeding. IP Australia wants full particularisation of claims that are made and is closely reviewing each SGP to ensure that it complies with this requirement.

Where the SGP is not up to its required standards, IP Australia rejects it and may give another chance for the opponent to provide further particulars to explain why a particular ground of opposition has been included.

In practice, some examples I have encountered of IP Australia’s vigilance on proper particularisation of a SGP include:

1. a claim under s 60 TMA (trade mark similar to a trade mark that has acquired a reputation in Australia) being rejected on the basis that there were no particulars setting out when the similar trade mark was first used in Australia; and
2. a claim under s 42(b) TMA (the use of the trade mark would be contrary to law) being rejected on the basis that the relevant law was not specified.

IP Australia is also given the ability to delete grounds of opposition and even dismiss the opposition for failure to adequately particularise the grounds of opposition.<sup>3</sup>

This is a radical departure for IP Australia, which previously did not involve itself in an opposition until the hearing. Previously, obviously hopeless oppositions would take two to three years before IP Australia dismissed them at a final hearing. Now, if an opponent cannot justify its grounds of opposition, IP Australia can reject the opposition there and then. This can only provide comfort to applicants that oppositions must have some merit before being allowed to proceed.

One of the drawbacks of the close examination of SGPs is that there can be a period of delay between the filing of the SGP and the notification of the opposition to the applicant. This delay can be up to two to three months, depending on the time that IP Australia takes to examine the SGP and the extent of the redrafting required by IP Australia. Any delay in finalising the notice of opposition increases the time it takes for the next stage to commence, being the NID.

### **Notice of intention to defend (NID)**

Once the SGP has been served on the trade mark applicant by IP Australia, the applicant is then required to file a NID within one month. If the NID is not filed, the application will lapse and the trade mark will not be registered. Effectively the opposition will be deemed successful.

The NID is a simple tick-the-box document with no indication as to the defence that will be mounted to the grounds of opposition set out in the SGP, much like the NIO.

The change requiring applicants to file a NID has the practical effect of ensuring that opponents quickly win an opposition when an applicant does not wish to contest the opposition. Under the previous system, the opponent would have to file and serve evidence in support of its opposition and then wait for IP Australia to make a

decision in its favour. The process often took 12 to 24 months from the time the opposition was filed until the trade mark was finally refused. This was very frustrating and costly for opponents in circumstances where it appeared that the applicant had abandoned its trade mark but had not withdrawn the application.

In the first year after the Act amendments came into effect, 47% of cases were dismissed because a NID was not filed. This includes both oppositions and non use matters.<sup>4</sup> Obviously the changes are having the desired effect.

### **Extensions of time for filing evidence**

The next major change to the opposition procedure imposed by the Act is the difficulty in obtaining an extension of time to file evidence. Under the previous procedures, it was not uncommon for an opponent to seek two three-month extensions of time, taking the time for filing evidence in support of the notice of opposition to nine months. When combined with an extension of time to conduct genuine research as to whether an opposition should be filed in the first place, it sometimes meant that an applicant waited 15 months to see what evidence the opponent was intending to rely upon in the opposition.

This period of time was obviously unfair to an applicant keen to achieve registration of its trade mark and faced with a spurious opposition. On the flipside, an opponent taking 15 months to prepare its evidence was doing so either as a delaying tactic or because it was not very motivated — neither of which led to the proper administration of justice.

IP Australia used to have benchmarks for the appropriate period that it thought a particular step in the opposition would take. Those benchmarks were nine months for the filing of evidence in support and evidence in answer and six months for evidence in reply. Clearly this made for a long opposition if each party took all their available extensions of time. These benchmarks have now been abandoned.

Under the changes introduced by the Act, extensions of time are much more difficult to obtain. An applicant for an extension of time has to provide comprehensive reasons as to why the extension should be granted. IP Australia has begun to reject extensions of time, even first extensions of time, where the applicant for that extension has failed to properly enunciate the reasons for the extension.

Previously, parties had the opportunity to suspend a trade mark opposition if genuine negotiations were taking place by requesting a period of suspension. This is similar to the new system which allows for a cooling-off period. In the absence of a cooling-off period, the time taken for the evidence stage of an opposition should be less than a year.

A party cannot get an extension of time on the basis that it is undertaking negotiations to resolve the dispute. Either the opposition is subject to an agreed cooling-off or it continues. The drafters of the Act recognised that it sometimes became difficult to know what was happening with an opposition where it was put into abeyance by numerous extensions of time for the reason of negotiation.

The first decision which considered the amendments to extensions of time provisions made by the Act was handed down on 30 April 2014. The decision of *MG Icon LLC v Caprice Australia Pty Ltd*<sup>5</sup> concerned a non-use application filed before the commencement of the Act, but had an extension of time period relating to the filing and service of evidence in reply that was dealt with under the amended TMA and TMR. Transitional provisions specifically provide that any extension of time sought after the commencement of the Act is dealt with under the amended trade marks law.<sup>6</sup>

An extension of time was sought and opposed, with the question of whether the extension of time should be granted being determined at a contested hearing. Hearings Officer Worth stated that:

Clearly an intention of the RTB is to reduce delays in opposition proceedings, including opposition to removal of a trade mark for non use, by narrowing the circumstances in which an extension of time will be available. As yet there are no published decisions of the registrar in respect of extensions of time to file evidence under the new provisions, although the Commissioner of Patents had, by the date of the hearing, published two decisions including *Julie-Anne McCarthy and Bradley McCarthy v TRED Design Pty Ltd*.<sup>7</sup>

The original deadline to file evidence in reply was 14 November 2013 and the evidence was filed on 27 November 2013 and 3 December 2013. The explanation as to why the evidence was late was such that Hearings Officer Worth concluded: "I do not consider that I could be satisfied, on the basis of the initial evidence, that the Removal Opponent has acted promptly and diligently at all times".<sup>8</sup>

The Removal Opponent was afforded the opportunity to provide additional explanations as to what was done to try to meet the 14 November 2013 deadline. Three statutory declarations were filed which set out in detail

what had occurred. The Hearings Officer noted that there was now far more comprehensive evidence of what had transpired, but still refused to allow the extension of time.

Before the amendments made by the Act it was common for parties to seek an extension of time and then simply file the evidence. IP Australia would invariably let the evidence in on the basis that it would be a miscarriage of justice to fail to consider all available evidence. This is clearly no longer the case.

Practitioners appear to be required to be able to prove that they were doing something on each trade mark opposition file at reasonably regular intervals or risk a finding that they had not acted promptly and diligently at all times.

## Hearings

At the time of preparation of this article, there were no published decisions from hearings where the opposition was filed after the commencement of the Act.

The intention of the Act is not to amend any of the grounds of opposition, which should mean that the results of trade mark oppositions should not change. The eventual goal is that whatever the decision, it is reached more quickly without the inordinate delay that was a feature of the previous system.

## Conclusion

After 12 months, it appears that the amendments made by the Act have had the effect of speeding up opposition matters and focussing opponents' attention on the real issues in dispute at a far earlier time. The days of endless extension of time applications in Australian oppositions are over. This is an excellent result and provides certainty to both applicants and opponents far sooner.

The Act has also had the benefit of quickly resolving many oppositions which would have otherwise languished for years before finally being successful. In the first year of oppositions under the amended trade marks law, IP Australia's statistics on oppositions where a NID was not filed is significant. This should provide motivation for trade mark owners to oppose deceptively similar trade marks on the basis that they might quickly win an opposition and avoid a protracted fight over trade mark rights.

Perhaps the pendulum has now swung too far and busy practitioners are at risk of being punished for not attending to their files promptly and diligently. It will be very interesting to see what attitude the Federal Court will take when eventually it gets a chance to hear a challenge to a refused extension of time application.



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### Footnotes

1. The author would like to thank Christine Danos, Senior Associate of K&L Gates, for providing her comments on a draft of this paper.
2. Intellectual Property Legislation Amendment (Raising the Bar) Regulation 2013 (No 1).
3. Trade Marks Regulations 1995 (Cth) reg 5.8.
4. This information was given to a group of Melbourne practitioners by IP Australia Hearings Officer, Heath Wilson, at an INTA event held on 30 July 2014.
5. *Caprice Australia Pty Ltd v MG Icon LLC* (2014) 106 IPR 552; [2014] ATMO 34.
6. See the transitional provisions in Trade Marks Regulations 1995 (Cth) reg 22.9, item 5 which provides that new reg 9.18 applies in an opposition proceeding commenced before 15 April 2013 in which an extension of time is requested for a period that commences on or after 15 April 2013.
7. Above, n 6, at [15]. This quote refers to *Tred Design Pty Ltd v McCarthy* (2013) 105 IPR 291; [2013] APO 57 at [34]–[35] (11 November 2013).
8. Above, n 5, at [39].