

# Trade Mark Litigation

**Jurisdictional comparisons**

**Second edition 2013**

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THE EUROPEAN LAWYER  
REFERENCE

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# Preface

**Massimo Sterpi Studio Legale Jacobacci & Associati**  
**Thierry Calame Lenz & Staehelin**

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## **From distinctive and readable to descriptive and hidden: a new era for trademarks?**

In the ever-changing area of marketing techniques, naming and branding have substantially evolved over the last few years.

While the traditional mantra for branding used to be that the more distinctive the brand, the better, the position has changed in an internet-dominated world.

In fact, as people are now relying on search engines to find whatever they need, domain names that contain a full description of the relevant goods have a competitive advantage, because their content is very much preferred by search engines that always look for 'organic content' (ie content directly referring to the subject matter of the search).

Thus, while 'shoes' could never be a valid trade mark for producing or selling shoes, 'shoes.com' risks being the most desirable domain name for selling shoes. But should every company have a distinctive brand and a descriptive domain name? In an ideal world, that would seem to be the solution, and someone has in fact gone that route: think about Barnes & Noble, now also using books.com on top of their traditional barnesandnoble.com. However, taking into account that busy internet surfers are simply typing names into the browser, the general new trend is to use names that are more descriptive in order to be more attractive on the internet.

This clearly creates a big challenge for these new 'internet era' brands, most of which are born generic, and that may become valid only through extensive use and the consequential acquisition of the so-called 'secondary meaning'.

But when it comes to trade mark protection, it is difficult to protect those marks, because protecting them should not lead to the monopolisation of generic terms.

Moreover, we cannot forget how names that we do not see with our eyes are now able to influence our choices on the internet: think about the metatags and adwords strategies, which so influence the search results and, therefore, our consumer choices (do you know that if your website does not show up in the first page of search engine results, you are practically invisible, because less than 2 per cent of people visit sites appearing on the second page or beyond?).

This proves how the needs of the old 'bricks and mortar' market are so different from those of the electronic market and how our well-established principles of trade mark law are being seriously stretched in the new world.

To help our beloved readers to navigate this complex new maze, we have added a few new paragraphs into each national chapter relating to these new aspects. We hope you will enjoy.

*Massimo Sterpi    Thierry Calame*  
*August 2013*

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# Australia

Michael Williams, Lisa Lennon, Claire Bothwell & Anna Smyth  
**Gilbert + Tobin**

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## **1. SOURCES OF LAW**

### **1.1 What are the principal sources of law and regulation relating to trade marks and trade mark litigation? (Briefly describe the role of international, federal or state laws and relevance of court decisions, list and briefly describe relevant statutes and international treaties.)**

Australia has a federal system of government, which was established by the Australian Constitution. Under the Constitution the power to make laws with respect to trade marks is conferred upon the Federal Government.

Australia is a party to the main international multiparty conventions and treaties on trade marks law, including the Paris Convention (1883), TRIPS Agreement (1994) and the Madrid Protocol (1989).

Trade mark law in Australia is governed by the Trade Marks Act 1995 (Cth) (the Act). In addition to the Act, the Federal Government has promulgated regulations pursuant to the Act, known as the Trade Marks Regulations 1995 (Cth) (the Regulations). The Australian Consumer Law (set out in schedule 2 of the Competition and Consumer Act 2010 (Cth)) is also relevant to trade marks as is the common law tort of passing off.

Practice and procedure in trade mark litigation matters is generally governed by the Federal Court of Australia Act 1976 (Cth) and the Federal Court Rules (2011) made pursuant to that act. In particular, Division 34.3 of the Federal Court Rules deals with intellectual property proceedings generally. If the proceedings are commenced in the Federal Circuit Court of Australia (previously known as the Federal Magistrates Court), practice and procedure in the Court is governed by the Federal Circuit Court of Australia Act 1999 (Cth) and the Federal Circuit Court Rules (2001).

Both the Federal Court of Australia (the Federal Court) and the Federal Circuit Court of Australia (the Federal Circuit Court) also issues practice notes from time to time which provide guidance for practitioners. The Evidence Act 1995 (Cth) sets out the rules of evidence applicable in Australia.

### **1.2 What is the order of priority of the relevant sources, ie which take precedence in the event of a conflict?**

The Act has precedence, then the Regulations.

## **2. COURT AND ADMINISTRATIVE SYSTEM**

### **2.1 Can third parties oppose/request cancellation of a national or supranational (eg Madrid Agreement and Protocol, Community Trade Marks) trade mark application/registration in your country? If so, on**



**what grounds? Please briefly describe the opposition/cancellation procedure(s).**

Any person can oppose an accepted Australian trade mark application, no particular interest or standing is required. Once it has entered the national phase, a supranational trade mark application is treated like any other Australian trade mark application and can be challenged on acceptance on the same basis as an Australian trade mark application.

The main grounds for opposition of a trade mark application in Australia are as follows:

- the trade mark is not distinctive;
- the trade mark is substantially identical or deceptively similar to a mark that is the subject of an application or registration with an earlier priority date, and covers similar goods or closely related services to the earlier application/registration;
- because of the reputation another trade mark has in Australia, the use of the trade mark that is the subject of the application would be likely to deceive or cause confusion;
- the trade mark consists of or contains scandalous matter or its use would be contrary to law;
- the applicant is not the owner of the trade mark (for example, where another party has used an identical mark for the same goods/services); or
- the application has been filed in bad faith.

From 15 April 2013, the procedure for opposing the registration of a trade mark is as follows (extensions of time will only be available in extraordinary cases):

- opponent must file a notice of intention to oppose an application within two months of the date of advertisement of acceptance of the application;
- opponent then has one further month to file a statement of grounds and particulars;
- applicant must file a notice of intention to defend the opposition within one month of being provided with the notice of opposition and statement of grounds and particulars, failing which the application will automatically lapse;
- within three months of receipt of the notice of intention to defend, the opponent must file evidence in support of the opposition;
- within three months of receipt of the opponent's evidence in support, the applicant must file evidence in answer to the opposition;
- within two months of receipt of the applicant's evidence in answer, the opponent may file evidence in reply to the opposition; and
- the Registrar of Trade Marks then sets the matter down for a hearing in person or on the written record.

Cancellation of a trade mark registration due to invalidity (referred to in Australia as rectification) is commenced by application to the Federal Court of Australia or to a State Supreme Court. Invalidity can also be raised defensively in trade mark infringement proceedings. The applicant in each case must be an 'aggrieved person'. The most common grounds for seeking to invalidate a trade mark registration are:

- a condition or limitation entered in the Register in relation to the trade mark has been contravened;
- the trade mark contains a sign that has become descriptive;
- any of the grounds on which the registration of the trade mark could have been opposed under the Act (which includes that the application was made in bad faith);
- an amendment of the application for the registration of the trade mark was obtained as a result of fraud, false suggestion or misrepresentation; or
- because of the circumstances applying at the time the application for rectification (invalidity) is filed, the use of the trade mark is likely to deceive or cause confusion.

In addition, any person may apply for a registered trade mark to be removed for non-use under section 92 of the Act. This section is enforceable against marks that have not been used, or used 'in good faith', for a continuous period of three years, or where there was never any intention to use the mark. There is an initial grace period of five years from the filing date in which new registrations are not vulnerable to removal for non-use.

Finally, any party can apply to have a trade mark registration revoked under section 38 of the Act on the basis that the mark should never have been accepted for registration.

## **2.2 In which courts are trade marks enforced? Are they specialised trade marks courts? If not, what level of expertise can a trade mark holder expect from the courts?**

Under section 190 of the Act, jurisdiction for trade marks matters lies with the Federal Court and other prescribed courts (which are defined as the Supreme Courts of each state and territory of Australia). As a matter of practice, proceedings are generally always brought in the Federal Court, although this is not always the case.

Since 15 April 2013, the Federal Circuit Court also has jurisdiction to hear trade mark infringement proceedings. The Federal Circuit Court is less formal, offers a quicker disposition, and uses streamlined procedures which can result in cost savings for litigants.

## **2.3 To what extent are courts willing to consider, or are bound by, the opinions of other national or foreign courts that have handed down decisions in similar cases?**

Generally, courts will follow and apply prior decisions of the same level of authority under the principle of comity, unless they are manifestly wrong. First instance judges are bound to follow the decisions of appellate courts. Traditionally, Australian courts will treat UK decisions as persuasive although not binding.

**2.4 Do the courts deal with infringement and invalidity simultaneously? Or must invalidity actions be brought in separate proceedings? If so, before which court or national or supranational government agency shall they be brought (eg the national Trade Mark Office or the OHIM in Alicante)?**

Rectification of the Trade Marks Register to cancel a trade mark registration due to invalidity is commenced by application to the Federal Court of Australia or to a State Supreme Court. Invalidity can also be raised defensively in trade mark infringement proceedings in which case it is heard simultaneously with the infringement action.

**2.5 Who can represent parties before the courts handling trade mark litigation and/or the national or supranational government agency dealing with trade mark validity issues?**

Generally, parties will be represented by a solicitor and a barrister in the courts (in Australia there is a split bar). Corporate litigants cannot represent themselves. In proceedings before the Trade Marks Office (for example, trade mark oppositions), parties can be represented by a trade mark attorney or solicitor.

**2.6 What is the language of the proceedings? Is there a choice of language?**

Proceedings are conducted in English.

**3. SUBSTANTIVE LAW**

**3.1 To what extent are unregistered trade marks protected under your country's laws?**

Unregistered trade mark rights are protected under the Australian Consumer Law and the tort of passing off where the mark has developed a reputation in Australia such that third party use of a similar mark would be likely to mislead or deceive consumers or give rise to a false representation concerning sponsorship, approval, affiliation or other connection.

Whereas in actions under the Australian Consumer Law and the tort of passing off evidence of reputation is required, such evidence is not required for an action for trade mark infringement. Actual proof of damage is required to succeed in an action for passing off although there is no equivalent requirement for an Australian Consumer Law claim.

**3.2 How is trade mark infringement assessed? Does protection extend to translations or to conceptually identical but graphically different trade marks?**

Under section 120 of the Act, trade mark infringement is assessed according to whether the allegedly infringing mark is 'substantially identical with' or 'deceptively similar to' the registered trade mark and used in relation to the goods and services in respect of which the trade mark is registered (or goods or services of the same description or that are closely related).

Well-known trade marks are subject to a slightly different test. In this case, the infringing mark need only be 'substantially identical with' or 'deceptively

similar to' the well-known registered trade mark and used in relation to unrelated goods or services. There is however a proviso that the sign must be likely to be taken as indicating a connection between the unrelated goods or services and the registered owner of the trade mark, and for that reason, the interests of the registered owner are likely to be adversely affected.

The same test applies to translations and conceptually identical but graphically different trade marks. It is unlikely, however, that such marks will be protected: as noted in *United Distillers & Vintners (Aust) Ltd v Zakrytoye Akcioneroye Obschestvo 'Mosovskiy Pivo Bezalkogolnyi Kombinat 'Ochakovo'* [2003] ATMO 24, the fact that two marks convey the same idea is not sufficient in itself to create deceptive similarity, and consumers are usually unlikely to transliterate and/or translate foreign language trade marks.

Evidence of actual or likely confusion is not required to succeed in an action for trade mark infringement. A lower threshold test of deception and confusion is applied under the Act, ie cause to wonder at whether goods are from the same source may be sufficient.

### **3.3 Are there other causes of action for trade marks (eg dilution)?**

Section 121 of the Act provides a separate cause of action: infringement by breaching certain restrictions imposed by the trade mark owner on the relevant goods or packaging of the goods. These restrictions primarily relate to how the trade mark is presented in relation to the relevant goods or packaging, and do not apply to any trade marks registered in respect of services.

'Dilution' in Australian trade mark law is not a distinct cause of action in its own right, but may be relevant in determining the adverse effects on the interests of the trade mark owner for actions brought under section 120(3) of the Act (infringement of a well-known trade mark).

### **3.4 Can a trade mark be enforced against a domain name, a trade name, a pseudonym or other distinctive signs? Can a trade mark be enforced against a metatag?**

Any enforcement of a trade mark against domain names, trade names, and pseudonyms etc will be subject to the same requirements as any other sign for trade mark infringement. The sign must be used as a trade mark; mere registration of a domain name without use, for an example, will not establish infringement. However, following *Mantra Group Pty Ltd v Taily Pty Ltd* (No 2) [2010] FCA 291, where an active website is operated from the domain name, there is a risk of a finding of trade mark infringement even where the mark is not used on the website.

It is unlikely that action can be successfully taken in Australia against using a competitor's trade marks in metatags. As noted in *Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd* (2011) 281 ALR 544, '[m]etatags are invisible to the ordinary internet user' so they cannot be said to indicate the origin of the defendant's products; metatag use is therefore not use as trade mark. However extensive use of a competitor's trade mark in metatags combined with other use on a website may be sufficient to

disqualify a user from claiming a defence to trade mark infringement on the basis of good faith descriptive use.

### **3.5 On what grounds can a trade mark be invalidated?**

See 2.1 above.

### **3.6 Must use requirements be satisfied to maintain the trade mark registration? If so, is there any definition of what constitutes use?**

There is no positive requirement in Australia to submit regular proof of use to sustain a trade mark registration. However, any person may apply for a registered trade mark to be removed for non-use under section 92 of the Act. This section is enforceable against marks that have not been used, or used 'in good faith', for a continuous period of three years, or where there was never any intention to use the mark. There is an initial grace period of five years from the filing date in which new registrations are not vulnerable to removal for non-use.

'Use in good faith' is generally understood to mean a real or substantial use of a trade mark in the commercial sense, as part of the ordinary course of business.

### **3.7 What other defences, if any, are available to an alleged infringer (eg tolerance, existence of earlier rights of third parties)? Does your country's law provide for a prior user's rights?**

Use as a trade mark is a threshold requirement in an action for trade mark infringement. An alleged infringer may plead that a trade mark is not used as a trade mark in response to an infringement claim, in particular where the use is not commercial or descriptive, for example to identify the trade mark owner's own goods/services (nominative fair use).

There are limited further defences to an action for infringement under section 122 of the Act, namely where the allegedly infringing use is:

- a good faith use of the trade mark to indicate a person's name or the place of the person's business;
- a good faith use of the trade mark for a range of descriptive purposes including to indicate the kind, quality, quantity, intended purpose, value, geographical origin, or some other characteristic, of goods or services (in particular as accessories or spare parts) or services;
- a use of the trade mark for the purposes of comparative advertising (whether or not in good faith);
- an exercise of a right to use a trade mark given to the alleged infringer under the Act, for example where the allegedly infringing mark is also registered as a trade mark; or
- a use for which the alleged infringer would be able to obtain registration of the trade mark in his or her own name, for example due to honest concurrent or prior continuous use of the allegedly infringing mark.

There is an additional defence under section 123 of the Act in relation to parallel importation where the trade mark has been applied with the consent of the Australian trade mark owner and (according to subsequent case law) in accordance with the relevant territorial licence restrictions.

### **3.8 To what extent can enforcement of a trade mark expose the trade mark holder to liability for an antitrust violation?**

As noted in *Campomar Sociedad Limitada v Nike International Ltd* (2000) 202 CLR 45, trade mark holders are not immune from breaches of antitrust or restrictive trade practices law (Part IV of the Competition and Consumer Act 2010 (Cth)).

There is, however, a limited exception provided by section 51(3) of the Competition and Consumer Act, which allows the trade mark owner to lawfully impose certain restrictions on the use of the mark, such as the kinds, qualities or standards of the goods bearing the mark.

### **3.9 Can a court only partially invalidate a trade mark?**

Yes, sections 86 to 88 allow the court to amend any entry in the Register relating to the trade mark on the same basis as the basis for cancellation of a trade mark for invalidity. See 2.1 above. The court can also restrict coverage of the trade mark eg by partial removal for non-use.

### **3.10 Is it possible to amend a registered trade mark during a lawsuit?**

Yes, to a limited extent. Under section 83 of the Act, the owner of a registered trade mark may request the Registrar to amend the representation or particulars of the trade mark (such as the goods and services in respect of which the trade mark is registered) at any time. The Registrar may accept the request provided that the amendment does not substantially affect the identity of the trade mark or extend the rights of the owner.

### **3.11 Are there any grounds on which an otherwise valid trade mark can be deemed unenforceable, owing to misconduct by the trade mark holder, or for some other reason (eg expiry of time limit)?**

Yes, a trade mark could also be deemed unenforceable on the ground of the doctrine of laches or estoppel.

The doctrine of laches is an equitable remedy subject to a court's discretion and dependent upon the particular facts of each case. To prove laches a defendant needs to demonstrate that the plaintiff unreasonably and inexcusably delayed asserting an infringement claim, as well as also showing prejudice or injury to the defendant resulting from the delay.

### **3.12 Can a trade mark holder bring a lawsuit claiming both trade mark infringement and unfair competition for the same set of facts? Is it possible to bring parallel unfair competition proceedings, whether or not the trade mark is registered?**

Yes. As mentioned above, evidence of actual or likely confusion is not required to succeed in an action for trade mark infringement. A lower threshold test of deception and confusion is applied under the Act, ie cause to wonder at whether goods are from the same source may be sufficient. This is in contrast to actions for breach of the ACL and passing off.

For unregistered trade marks, see 3.1.

## **4. PARTIES TO LITIGATION**

### **4.1 Who can sue for trade mark infringement (trade mark holder, exclusive licensee, non-exclusive licensee, distributor)? Does a licensee need to be registered to sue?**

A trade mark infringement action can be brought by the owner of the trade mark or an authorised user at any time with the consent of the registered owner, or within certain timeframes if the registered owner refuses or fails to take action. An authorised user is a person who uses the trade mark under the control of the owner of the mark (for example under a distribution agreement). There is no requirement for the authorised user to be registered before commencing proceedings. If the authorised user brings an action for infringement of the trade mark, it must make the registered owner of the mark a defendant in the action (however the owner is not liable for costs if he or she does not participate). There is no requirement that a licensee be an exclusive licensee to qualify as an authorised user, however the ability of a licensee to sue for infringement is commonly restricted or excluded under contract.

### **4.2 Under what conditions, if any, can an alleged infringer bring a lawsuit to obtain a declaratory judgment on non-infringement?**

The Act provides a cause of action and right to relief (including declaratory relief) for the recipient of groundless threats of trade mark infringement. It is a defence to such an action if the person making the threats brings an action for trade mark infringement. The threat must be made in relation to ‘a person’ and must be a threat of an action or proceeding for infringement. The mere notification of the existence of trade mark rights does not constitute a threat. A barrister, solicitor or registered trade mark or patent attorney is not liable under the Act for any act done in their professional capacity on behalf of a client.

### **4.3 Who can be sued for trade mark infringement? Can the company directors be sued personally? Under what conditions, if any, can someone be sued for inducing or contributing to trade mark infringement by someone else?**

A person (including a body corporate) who infringes a registered trade mark can be sued for trade mark infringement. While there is no general authorisation liability for trade mark infringement, a company director can be sued personally as a joint tortfeasor for acts committed by his or her company. The test for determining a director’s liability as joint tortfeasor is not settled law in Australia, however the extent of the director’s personal knowledge of, and involvement in, the infringing conduct are relevant factors (*Keller v LED Technologies Pty Ltd* (2010) 185 FCR 449).

### **4.4 Is it possible to add or subtract parties during litigation?**

Yes, it is possible to join parties to litigation if they are proper parties to the action, and to remove parties which have been improperly or unnecessarily joined or which are no longer necessary parties.

## **5. ENFORCEMENT OPTIONS**

### **5.1 What options are open to a trade mark holder when seeking to enforce its rights in your country?**

Trade mark rights can be enforced in Australia either via civil action for trade mark infringement in one of the designated courts, or via criminal prosecution by the Crown for offences under the Act. Infringement proceedings are typically commenced in the Federal Court of Australia. As of 15 April 2013, the Federal Circuit Court will also have jurisdiction to hear trade mark infringement proceedings. The Federal Circuit Court operates less formally, offers a quicker disposition and uses streamlined procedures which can result in cost savings for litigants.

### **5.2 Are criminal proceedings available? If so, what are the sanctions?**

Criminal proceedings for trade mark infringement are available in limited circumstances (falsification, unlawful removal and false application of trade marks and other offences including false representations regarding trade marks). There are two tiers of trade mark offences under the Act. They are indictable offences which require proof of criminal intent and summary offences which require proof of negligence. Criminal offences are prosecuted pursuant to the Criminal Code. Penalties for trade mark infringement range from monetary fines to imprisonment. Custodial sentences are rare.

### **5.3 Are border measures, such as customs seizures, available?**

Yes. There is a mechanism for authorising the seizure of branded goods by Australian Customs where they are suspected of being infringing. A trade mark owner must first lodge a notice of objection objecting to the importation of goods that are branded with a mark that is substantially identical or deceptively similar to a registered trade mark nominated in the notice. Customs will seize suspected infringing articles and notify the importer and trade mark owner that seizure has taken place. As of 15 April 2013, once goods have been seized by Customs, the onus for action will be on the importer of the goods rather than the trade mark owner. The importer must make a claim for release of the goods, and must provide accurate contact details so the trade mark owner can contact them. If the importer fails to make a claim for the release of the goods, the goods will be forfeited and destroyed. This is a significant improvement to the old regime given it removes the previous onus on the trade mark owner to commence proceedings within a very short timeframe. Trade mark owners are not required to provide any cash or other bond to Customs but must meet Customs' expenses associated with storage and destruction of seized goods.

### **5.4 Is it compulsory to send a cease and desist letter to an alleged infringer before commencing trade mark infringement proceedings? What are the consequences, if any, for making unjustified threats of trade mark infringement?**

While cease and desist letters are not required prior to the issue of civil trade mark infringement proceedings, they are commonly used and considered to



be good practice by the courts. Australia's civil procedure laws increasingly oblige parties to try to resolve matters before filing proceedings. Cease and desist letters also serve the function of satisfying any knowledge requirements before infringement proceedings are commenced, particularly in the case of importation and dealings in infringing articles and for the purpose of making out a claim for additional damages for flagrant trade mark infringement. If the letter constitutes an unjustified threat (see paragraph 4.2), the recipient can file proceedings seeking a declaration of non-infringement, an injunction preventing the continuation of the threat, and damages.

### **5.5 To what extent are courts willing to grant cross-border or extra-territorial injunctions?**

The jurisdiction of the Act in relation to civil proceedings extends to acts of infringement taking place within Australia only.

### **5.6 To what extent do courts recognise the blocking effect of 'torpedo' actions abroad?**

The concept of 'torpedo' actions has no applicability in Australia.

### **5.7 To what extent are alternative dispute resolution (ADR) methods (such as arbitration or mediation) available to resolve trade mark disputes? How widespread are ADR methods and in which sectors? If arbitration is available to assess invalidity, will your Trade Mark Office recognise and execute an arbitral award declaring a trade mark invalid?**

The Act does not specifically provide for ADR in the case of disputes or proceedings relating to trade mark infringement in Australia. However the Federal Court and Federal Circuit Court are invested with the power to order compulsory mediation, and mediation is commonly used as a means of dispute resolution and a course almost always used in proceedings.

### **5.8 Is arbitration or some other dispute resolution mechanism available for conflicts between a trade mark and a domain name with the country code TLD of your jurisdiction?**

Yes, Australia has implemented the .au Dispute Resolution Policy (auDRP) which is an adaptation of the Uniform Dispute Resolution Policy administered by ICANN with respect to the global Top Level Domains. Under the auDRP a person can submit a complaint where the domain name is identical or confusingly similar to a name (including a company or business name), trade mark or service mark in which the complainant has rights. Complaints are submitted to approved dispute resolution service providers for determination by a panel.

## **6. PROCEDURE IN CIVIL COURTS**

### **6.1 What is the format of trade mark infringement proceedings?**

Civil proceedings for trade mark infringement are commenced by filing an originating process in a court with relevant jurisdiction (that is, the Federal Court, the Federal Circuit Court or the Supreme Court of a state or territory).