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Dear Paul

RE: Trade Marks Act and Regulations 1995 - Section 224 and late trade mark renewals

IPTA requests amendment of Regulation 21.28 of the Trade Marks Regulations to substantially reduce the number of listed exclusions to the general applicability of Section 224. In particular, IPTA advocates for the removal of any exclusions relating to the late payment of renewal fees.

Background

Each of the *Patents Act* 1990 (**Patents Act**), *Trade Marks Act* 1995 (**Trade Marks Act**) and *Designs Act* 2003 (**Designs Act**) includes a general extension of time provision to provide a remedy when an applicant or rights holder, or their representative, unintentionally misses a deadline for doing a “relevant act”. In the Patents Act, the provision is contained in Section 223, in the Trade Marks Act it is in Section 224 and in the Designs Act, it is in Section 137. In each case there is reference to exclusions as to what is considered to be a “relevant act”. These exclusions are termed a “prescribed action” in the Designs Act and Patents Act, and a “prescribed act” in the Trade Marks Act. In the Trade Marks Act there is an additional exclusion for filing a “prescribed document”.

The approach taken under these three Acts for excluding the operation of the general extension of time provisions for particular actions differs markedly.

For the Designs Act, no actions have been designated as prescribed actions, and accordingly there are no exclusions from the operation of Section 137. This includes payment of a renewal fee in the grace period, or after expiry of the grace period.

For the Patents Act the only prescribed actions (in Regulation 22.11(4)) are meeting deadlines within an opposition (other than filing the Notice of Opposition or Statement of Grounds and Particulars), filing a patent term extension request after expiry of the normal 20 year term, and actions relating to the registration of patent attorneys. The actions relating to oppositions are excluded since other provisions provide for extensions of time, and extensions of time are not applicable to patent attorney registration matters. The exclusion in relation to patent term extensions is a public interest issue, where it is considered that generic companies should have certainty regarding the expiry of pharmaceutical patents when preparing to launch generic pharmaceuticals. Although the paying of renewal or continuation fees in the grace period was included in the list of prescribed relevant acts, they are no longer included having been removed in 2001. Also, as explained in more detail below, when they were included as

prescribed relevant acts, problems were caused by the language of Regulation 22.11, at least between 9 May 1995 and 1 November 1998. These problems are analogous to the problems we are now seeking to have corrected in the Trade Marks Regulations.

The current position with trade mark renewals

The situation for the Trade Marks Act is markedly different from the Designs Act and Patents Act. Not only has a distinction been drawn between taking steps to meet deadlines on the one hand, and the filing of documents on the other, but Regulation 21.28 includes an extensive list of prescribed acts and prescribed documents that significantly reduces the applicability of the general extension of time Section 224. The list is so extensive that it is difficult to see how the general policy associated with having Section 224 in the Trade Marks Act is being fulfilled. Unfortunately, a review of the explanatory memoranda associated with the introduction of the numerous limitations to Section 224 does not reveal the policy intent behind the exclusions. Also, despite the extensive list of exclusions, the payment of a renewal fee under Section 75 is not one of them.

Changes made to the patent legislation

As of at least 1 July 1995, the Patents Act included as a prescribed act a provision of similar effect to Regulation 21.28(1)(k) of the Trade Marks Regulations. This was Regulation 22.11(3) (b). The wording of 22.11 (3) (b) was “paying a fee in a period that is extended because of Sub-Regulation 13.3 (3) (“prescribed period: continuation fees”) or Sub-Regulation 13.6 (3) (“time for payment of renewal fee for standard patent”)”. The idea behind the inclusion of this provision at the time was to clarify that Section 223 is not applicable in circumstances where the grace period is applicable. The intention was not to exclude Section 223 from late renewal payment beyond the 6-month grace period. Although the Paris Convention requires a 6-month grace period as of right, there is no reason why a country like Australia could not provide additional time when the circumstances of Section 223 are applicable.

The problem with the wording of Regulation 22.11(3)(b) became evident in the following patent office decisions handed down in 1997 and 1998:

- TIVADAR FOLDI, GARBOR BIRO, TAMAS BARNA, IMRE NAGY, LASZLO VINCZE and OSZKAR RIHMER [1997] APO 9; (1997) AIPC 91-361;38 IPR 131 (1 April 1997)
- BECKSWIFT LIMITED [1997] APO 56; 39 IPR 666 (12 November 1997)
- FIREBELT PTY LTD v. (N/A) [1998] APO 12 (17 March 1998)

It became clear from these decisions that Regulation 22.11(3)(b) went beyond just excluding renewal/continuation fee payments during the grace period, but also had the effect of excluding the later payment of renewal/continuation fees in circumstances where the applicant/patentee was intending to rely on the grace period, but failed to pay the annuity before expiry of that grace period. The end result was that Section 223 was only applicable to late renewal fee payments if the applicant/patentee was intending to pay the fee by the normal anniversary date, but failed to do so, and realised the payment was missed after the grace period had expired. If the applicant/patentee made a decision to rely on the grace period, but failed, no extension of time was available. This was not the intention of the exclusion from Section 223 of renewal payments made in the grace period.

Once this error in the language was identified the provisions were amended on 1 November 1998 to clarify that it was only payments made in the grace period that were excluded. See Patents Amendment Regulations 1998 (NO. 6) 1998 No. 264. Renewal fee and continuation fee payments were removed altogether from Regulation 22.11(3)(b) on 1 March 2001 [See

SR 2001 No. 98] when it was realised that there was no need for such an exclusion. In this regard extensions of time under Section 223 are not required when paying renewal/continuation fees in the grace period.

Why the trade marks legislation should be amended

We believe the situation in the Trade Mark Regulations in relation to renewal fee payments made in the grace period is analogous to the situation described above in relation to the Patents Regulations. In this regard Regulation 21.28(1)(k) was included in the Trade Mark Regulations because Section 79 (not Section 224) is to be used when renewing a trade mark in the grace period. This also explains why Section 75 is not included in Regulation 21.28(1)(k). However, due to the wording of Regulation 21.28(1)(k), an issue arises when a trade mark owner intends to rely on the grace period to pay the renewal, but fails. For reasons analogous to the reasons given in the three patent decisions above, the language of Regulation 21.28(1)(k) excludes the operation of Section 224 in these circumstances. In fact, even though Regulation 21.28(1)(k) does not mention Section 75, it is understood that the current practice of IP Australia is to read Regulation 21.28(1)(k) as though it was included in this regulation, or otherwise deem a trade mark owner to be seeking to renew under Section 79 even when no decision had been made to rely on the grace period.

While we understand that policies in relation to the availability of extensions of time for patents may differ from those applicable to trade marks, particularly in view of the possibility in many cases that a trade mark owners will be able to refile an application for their trade mark, we believe those different policies applicable to trade marks can be better implemented through the exercise of discretion under Section 224, rather than through the creation of an extensive list of exclusions in Regulation 21.28.

Therefore, in relation to the payment of renewal fees outside the grace period, IPTA believes that Section 224 should be applicable when the failure to pay the fee was due to an error or omission or circumstances beyond the control of the person concerned, and where the circumstances warrant the favourable exercise of the Registrar's discretion.

It should be borne in mind that although trade marks owners have the option of refile for affected trade marks, it is not always the case that they will be able to easily, or in some circumstances able to at all, re-secure registration of those trade marks if another identical or substantially similar trade mark has been filed in the meantime in the name of another party. This situation would inevitably lead to further costs and difficulties for the trade mark owner associated with having to lodge evidence of use, negotiate a letter of consent or co-existence arrangement or engage in opposition proceedings, or in a worst case scenario, a loss of rights. In addition, if an affected trade mark has been on the Register for a long time, there may issues securing registration because of objections raised under Section 41 on the basis that what may have been *prima facie* registrable, say 40 years ago, is now regarded as being descriptive or in common usage and thus requiring extensive evidence of use.

Exercise of the Registrar's discretion – balance of convenience

Further, in determining whether or not to grant an extension under Section 224, the Registrar would be able to exercise his or her discretion in determining where the "balance of convenience" would lie, and whether it is in favour of the public interest or the trade mark owner. In this regard, the trade mark owner would have a lodge a declaration in the usual manner setting out the reasons giving rise to the Section 224 request. The usual factors for consideration in deciding whether or not to grant the extension would come into play including:

- the length of time that has passed since the expiry of the grace period;

- whether the trade mark owner has given sufficiently valid reasons accounting for the whole period of the extension sought. If the extension being sought is lengthy, we believe that the reasons given need to be equally compelling;
- whether the trade mark owner acted without undue delay upon learning of the error or omission;
- the number of trade mark applications for identical or substantially similar trade marks that may have been filed, accepted or registered by other parties in the meantime.

In relation to identical or substantially similar marks that may have in the meantime been accepted or registered by other parties, we note that Section 38 allows the Registrar to revoke acceptance of an application and Section 84(A) provides the Registrar with the power to revoke the registration of a trade mark within 12 months of the mark's registration. We say if there are subsequent trade marks which have been registered by other parties for more than 12 months, the burden on the trade mark owner to show the balance of the convenience lies in its favour should without question be high in order for the favourable exercise of the Registrar's discretion.

We would be happy to make ourselves available to discuss this matter further as required.

Yours faithfully



Michael J Caine
President
Institute of Patent and Trade Mark Attorneys of Australia

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