



# Changes to Australia's IP laws take effect

**In brief:** The *Intellectual Property Laws (Productivity Commission Response Part 1 and Other Measures) Act 2018* (Cth) commenced on 25 August 2018. The Act implements various recommendations that the Productivity Commission made in its inquiry into Australia's IP arrangements. We discuss the key changes.

## Summary of key changes

The Act includes measures to:

- clarify the circumstances in which the parallel importation of trade marked goods does not infringe a registered trade mark;
- reduce the grace period for filing non-use applications under the *Trade Marks Act 1995* (Cth) from five years to three;
- repeal section 76A of the Patents Act, which requires patentees to provide certain data relating to pharmaceutical patents with an extended term; and
- in the Patents, Trade Marks, Designs and Plant Breeder's Rights legislation, introduce additional damages for unjustified threats of infringement proceedings.

## Changes to parallel importation laws

Previously, s123(1) of the Trade Marks Act provided that an importer of trade marked goods will not commit an infringing act if the trade mark is applied to the goods 'by, or with the consent of, the registered owner of the trade mark'. Although cast in quite simple terms, the interpretation and application of s123(1) have proved to be challenging.

Section 123(1) has been repealed and replaced with a new – and, by comparison, rather wordy – s122A. The new provision applies to any infringement actions brought on or after 25 August 2018, even if the infringing conduct is alleged to have occurred before that date. As parallel importers are generally not privy to the type of documents or information that could show consent was actually given (eg the contract between the registered owner and their distributor), the defence that the new s122A provides is intended to reduce the evidentiary burden on them.

The parallel importer is required to make 'reasonable inquiries in relation to the trade mark' before the time of trade mark use. The parallel importer must also establish that, at the time of use, a reasonable person, after making those inquiries, would have concluded that the trade mark had been applied by, or with the consent of, a person who was, at the time of the application or consent:

- (a) the registered owner or authorised user of the trade mark;
- (b) a person permitted to use the trade mark by the registered owner or authorised user;
- (c) a person permitted to use the trade mark by an authorised user who has power to give such permission;
- (d) a person with significant influence over the use of the trade mark by the registered owner or an authorised user; or
- (e) an associated entity of any of the aforementioned persons.

The defence does not turn on where the trade mark had been applied to, or in relation to, the relevant goods.

According to the Explanatory Memorandum, the circumstances in (b) and (c) are intended to cover the situation where the initial owner of the mark in Australia assigns the mark to an Australian distributor (with some requirement for the mark to be assigned back, or otherwise controlled by the previous owner). Previously, such an arrangement, arguably, could be invoked to avoid the application of the defence. The circumstance in (e) will cover the situation where the trade mark was applied to the goods in a foreign country by one member of a corporate group structure, but the owner of the trade mark in Australia is a different member of the same corporate group.

## Reducing the grace period for filing non-use applications

Any person may apply to have a trade mark removed from the register on the basis that the registered trade mark has not been used for a continuous period of three years before the date of the removal application. Such a removal action could previously only be commenced five years after the filing date of the application for registration of the relevant trade mark – the so-called non-use grace period.

The Act reduces this grace period for filing non-use applications (it does not change the period of non-continuous use that must be established by the non-use applicant, which is still three years). The amendments will mean that an action for non-use on the ground that the registered owner has not used the trade mark for a continuous period of three years cannot be taken until three years have elapsed since the particulars of the trade mark were entered into the register (so the time does not run until the mark is registered).

These amendments will only apply to a non-use application that relates to a trade mark if the filing date of the trade mark application is on or after the day the amendments take effect. They will take effect on a day to be fixed by Proclamation; however, if no day is fixed, they will take effect on 24 February 2019.

## Additional damages for unjustified threats

A new provision will be inserted into each of the Designs Act, Patents Act, Plant Breeder's Rights Act and Trade Marks Act, providing that the court may award additional damages against a person who makes unjustified threats of proceedings for infringement. The court may award additional damages if it considers it appropriate to do so, having regard to a number of matters, including the flagrancy of the threats and the need to deter similar threats.

Significantly, a trade mark owner will no longer be able to rely on the commencement of infringement proceedings to avoid an unjustified threats action. This change will align the unjustified threats regime under the Trade Marks Act with that in the other IP Acts, which do not provide such a defence to an unjustified threats action. The Trade Marks Act will also be amended to clarify that merely notifying someone of the existence of a registered trade mark does not constitute a threat to bring an action for infringement of the trade mark.

These amendments will take effect at the same time as the amendments reducing the grace period for filing non-use applications (ie no later than 24 February 2019).

## Repeal of s76A of the Patents Act

Section 76A of the Patents Act requires patent holders who receive an extension of term under s76 to provide the Department of Health with specified information about the costs of research and development. The Federal Government decided that this provision is no longer required, as it can obtain the information from alternative sources (eg clinical trial data from the Therapeutic Goods Administration).

## Further changes are on the way

IP Australia has undertaken separate consultation on an exposure draft of the legislation to implement Part 2 of the Productivity Commissioner's recommendations, which includes measures to amend Australia's inventive step requirements for patents. You can read more about the proposed amendments in our [Proposed changes to the Australian Patents Act, and how they will affect you](#).

We will continue to keep you informed of developments in relation to amendments to Australia's IP laws. Please contact us if you have any questions.

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