

Submission on the Intellectual Property Laws Amendment (Raising the Bar) Bill 2011

Representation

This submission is made on behalf of those companies and businesses listed in Annex 1 to this document, many of which are Australian-owned or Australian-based but the overwhelming majority of which have a business in Australia and more importantly employ a significant number of Australians. Each of these companies either owns (or has distribution rights in Australia to) trade marks, most of which are well-known. They are jointly referred to in this submission as “the Brand Owners”.

Limitations of the Subject-Matter of Submission

This submission is restricted to commenting on only the proposed legislative amendments contained in Schedule 5 of the Intellectual Property Laws Amendment (Raising the Bar) Bill 2011 (**Proposed Amendments**), namely those dealing with:

- (a) Customs seizures
- (b) trade mark offences
- (c) relief for infringement of trade marks

Summary of Submission

Whilst there is a widespread view that the Proposed Amendments do not yet go far enough to erect a significant barrier to the ongoing importation and trade in counterfeit goods, the Brand Owners welcome and support each of the Proposed Amendments.

The Brand Owners regard the Proposed Amendments, if passed into law, as an indication that Australia recognises the dangers posed to the community by counterfeit goods.

Nevertheless, the Brand Owners would like to suggest a number of further changes, albeit minor in nature, to the Proposed Amendments, changes that would make each of them more effective in their practical application. The details of each of these changes, as well as their rationale, are set out below. Thus this submission below deals only with these further changes to the Proposed Amendments sought by the Brand Owners.

Finally, and whilst there are other vital legislative changes that the Brand Owners continue to urge Government to consider and adopt, if the Proposed Amendments are enacted, the Brand Owners propose to monitor their results and impact on the counterfeiting situation in Australia, and may lodge further submissions on this topic at a later date.

Introduction

The clear policy underlying the legislative scheme dealing with trade mark infringements and the role of the Australian Border Protection and Customs Service (**Customs**) in addressing such infringements, is that Customs is given the primary responsibility to identify and detain allegedly infringing goods. The most significant burden in this process, however, that is to obtain either voluntary consent to forfeiture to the Commonwealth by the importer of the counterfeit goods or to obtain court orders to such effect, is cast wholly onto brand owners.

There are strong and cogent arguments why it should not be a private obligation to prevent the importation of illegal products, the manufacture of which is prohibited by virtually every country which is a member of the World Trade Organisation. Nevertheless, the Brand Owners recognise that until the Government sees fit to take on this obligation, they must work within the practical realities of the current legislative scheme.

Nevertheless, they submit that even the Proposed Amendments leave brand owners with minimal abilities to prevent the importation of counterfeit goods. The legislative scheme in place (and as may be amended by the proposed amendments) works well on a case-by-case basis. It does not, however, cope with or provide for the veritable flood of importations of counterfeit products into Australia.

Accordingly, we set out below a number of simple and practical suggested modifications to specific provisions in the Proposed Amendments that would help in overcoming the systemic issues posed by the Australia's enforcement regime, organised on an amendment-by-amendment basis.

Recommendations

1 Provision of Information by Customs to Brand Owners – proposed new Section 135AC(8)(a) of the Trade Marks Act 1995 (“the Act”)

Currently, Customs is only permitted to disclose to an objector (who has registered their trade mark/s with Customs), the name and address of the importer of the counterfeit product. As practical matter, however, this information is almost universally inaccurate, or in many cases, simply untruthful.

Under the Proposed Amendments, Customs will be permitted to provide to brand owners additional information beyond that which Customs is presently permitted to disclose, namely information relating to the exporter of the seized goods to Australia. The Brand Owners endorse this recommendation.

Nevertheless, and whilst any additional information that can be disclosed to an objector in relation to an importation of goods that bear infringements of their trade marks is undoubtedly a good thing, the Proposed Amendments seem to proceed on the basis that the information on exporters that will be provided will, merely by virtue of the Proposed Amendments, suddenly become truthful. Importers, exporters and others dealing in counterfeit goods do not keep records or provide truthful responses about their counterfeit wares. Indeed, it is commonly known that the overwhelming majority of “exporters” of counterfeit goods identifiable from available documentation are merely front companies, many of which don't exist or which have no traceable connection with

the ultimate producers or manufacturers of the counterfeit goods. Thus, even if the information on the exporter provided to a brand owner is accurate, as a practical matter, it will do little, if anything, to aid the brand owner in identifying the manufacturer of the goods.

Thus whilst obtaining from Customs details of the “exporters” seems on its face to provide much-needed assistance to brand owners, in reality such information is likely to be of little help at all.

Accordingly, Brand Owners, who must look to themselves to protect their trade marks when Customs seizures are made, submit that if Government wishes to modify the existing law so that additional information that assists them in addressing counterfeits is to be disclosed to them, then the type of additional information disclosed should be likely to be (1) truthful; and (2) relevant. In particular, it would be extremely helpful if at the time objectors are informed of a seizure of products that may infringe their marks (and in addition to additional information on exporters), they could also have disclosed to them additional information directly relevant to the shipment itself, such as the total number of products seized by Customs from the same importer in the seized shipment, as well as the number of other objectors who have had products that may infringe their respective rights seized in that shipment.

In this regard, we note that it is very common for importers to bring in large quantities of counterfeit products, but with only a few products of each separate brand in the shipment to dissuade brand owners from taking action. By way of example, within a given shipment there may be a total of 250 pairs of shoes, but amongst them, only 50 pairs each of shoes bearing the Nike, adidas, Puma, Asics, and Vans trade marks respectively. Currently, if adidas is informed by Customs that a shipment of 50 products bearing trade marks that may infringe adidas’ rights has been seized, the limited quantities of products in issue may well not merit pursuing the importer/infringer through Court if it does not voluntarily consent to the products being forfeited for destruction.

However, if adidas is also told that there were a total of 200 other products seized from the same consignment, and that the trade marks of another 5 or so brand owners had allegedly been infringed by the same importer, that would let adidas know that it was dealing not with a small operator, but with a major player and dealer in counterfeit goods. That would certainly strongly militate in favour of adidas taking a much stronger line against the importer.

In addition, it is commonly the case that Customs has access to information that discloses to it alternative addresses where importers may be living or carrying on business. The Brand Owners submit that it is consistent with the intentions of the Proposed Amendments that Customs be entitled to disclose this type of additional information to an objector in the event the objector is unable to trace the importer at the address provided by the importer when making a claim for the release of goods seized by Customs. Bear in mind that the goal of the proposed amendments is to implement an effective system of border control. With so much of the enforcement burden cast onto brand owners, it is submitted that whatever tools can properly be given to them (especially when importers are required by the Proposed Amendments to disclose their true place of residence to allow objectors to identify them) should be made available to brand owners by Customs.

2 Introduction of summary offences

The Brand Owners also strongly support the introduction of summary offence versions of the existing indictable offences under Sections 145 to 148 of the *Trade Marks Act 1995*.

However, if the practical reality and utility of such provisions is not taken into account, these amendments may well end up being of little if any practical assistance against counterfeiters.

The Government needs to bear in mind the fact that in the last few years, the Federal Police have instituted a mere handful of prosecutions against the importers or vendors of counterfeit goods. Further the eight State and Territory police forces, between them, usually only launch an average of about 20 such criminal proceedings a year. This is in spite of the fact that there are literally thousands of importers and vendors of counterfeit goods in Australia.

As no police force has the time, resources or prioritisation to actively pursue counterfeiters, for these summary offences to be useful and able to be brought to bear on a sufficient frequent basis to serve as an effective deterrent to counterfeiting crimes, brand owners need to have clear authority to institute their own private criminal proceedings.

In addition, insofar as indictable offences are concerned, it is clear that private individuals do not have the legal right to fully prosecute matters that are indictable offences on their own. Thus, for the proposed summary offences to have any real impact, they will need to be used throughout Australia and on a regular basis, if counterfeiters are to perceive them as a credible threat.

Currently, however, it is unclear as to whether brand owners might be able to pursue counterfeiters on the basis of the summary offences in private criminal proceedings, often referred to as "private prosecutions." Generally, any citizen is permitted to lodge an information alleging a summary offence, usually with the relevant Magistrate's court, unless the right to do so for a given offence is expressly or impliedly excluded. For the avoidance of any doubt in this regard, the Brand Owners suggest that the Proposed Amendments expressly state that "any person" may initiate a prosecution for these summary offences.

However, to ensure that local Courts unarguably have the necessary jurisdiction to hear summary offences under Commonwealth legislation such as the Act, it is submitted that an "avoidance of doubt" provision to that effect would be extremely useful. In addition, given the fact that many importers of counterfeit goods give multiple addresses for the importation of multiple small shipments of counterfeit products, the usual procedure of needing to file an information/complaint in the "local" court could itself prove a significant deterrent to brand owners who would need to file multiple proceedings against the same importer. Thus an additional and again essential provision would be to give jurisdiction to a single local court to hear such matters.

Accordingly we strongly recommend that the Proposed Amendments be modified to specify precisely in which Magistrate's Court summary offence proceedings can be initiated by private persons. Here, given the specialised nature of IP-related offences, the Brand Owners feel the primary local or magistrate's courts in the capital city of the

State/Territory in which the offence occurred or where the defendant resides be designated as having exclusive jurisdiction to hear any summary offence proceedings under the Act. It would also prevent importers who give Customs multiple bogus addresses in different locations as described above from “gaming” the system and challenging venue in proceedings filed on the basis of inaccurate or untrue information they provided to Customs.

3 Introduce additional damages as an available remedy for civil action

The Brand Owners unreservedly support this Proposed Amendment as suggested in the Options paper.

Conclusion

In conclusion, the Brand Owners want to emphasise that they wholeheartedly support the Proposed Amendments in Schedule 5, but strongly recommend that the additional practical changes discussed above be incorporated into the Proposed Amendments to ensure they achieve their intended effect.

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