



THE LAW SOCIETY
OF NEW SOUTH WALES

Our ref: BLC:EElb1733582

26 June 2019

The Intellectual Property Policy Team
Commercialisation Policy Branch
Department of Industry, Innovation and Science

By email: IP.consultation@industry.gov.au

Dear Sir/Madam,

Commercialising Business Ideas - Discussion Paper

The Law Society of NSW appreciates the opportunity to comment on the 'Commercialising Business Ideas – Discussion paper' which sets out the key findings of the Department's recent consultations on the challenges businesses face when commercialising their business ideas. The views of the Law Society are informed by its Business Law Committee.

Our responses to the specific questions in the Discussion Paper are set out below.

1. In your view, do the opportunities for further action described above provide a robust basis for addressing the challenges Australian businesses face when commercialising their intellectual capital?

Yes, we consider that these opportunities for further action provide a strong foundation for addressing the challenges Australian businesses face when commercialising their intellectual capital.

We support the suggested actions to assist small and medium enterprises ("SMEs") to record and track intellectual property ("IP"); provide better IP advice; streamline enforcement processes; and improve IP arbitration processes. These actions appear capable of being implemented quickly and should be cost effective. The tracking and recording of IP should also assist SMEs to prepare financial statements and increase the prospects of success for enforcement and arbitration.

We agree that providing independent strategic advice would assist with overall business planning.

We have some further recommendations to assist with addressing these challenges below.

2. In your view, are there any important opportunities for action missing from the above list? If so what are they?

Yes, there should be clearer guidelines on what are descriptive versus distinctive trademarks. We believe consideration should be given to allowing descriptive trademarks to be registered in a different class if they include a logo and words to distinguish them from registered trademarks in another class.

Second, we suggest that consideration could be given to tightening trademark specifications for a class. A wide prior registration can cover the field so that a new trademark application, which may involve an innovation in the same class, cannot be registered.

Third, IP Australia should regularly compare its website to the websites for administering the IP rights systems in other jurisdictions and improve it where appropriate. We consider that the website operated by the Intellectual Property Office of New Zealand provides a good example.

It would also benefit SMEs if there was a streamlined process for obtaining all the necessary IP searches and registrations at the same time including:

- company name;
- business name;
- website domain name; and
- trade mark and design.

Currently businesses need to search in multiple places and on numerous websites to determine if the proposed business name and other IP is available for registration. Once this due diligence is complete, they also need to log on to multiple websites to register a business name and other IP. This is both time consuming and costly to businesses starting out, but failure to do so is also costly as it may lead to the intellectual capital of the business being misappropriated or the opportunity to register being lost due to third party registrations.

3. Of the opportunities for further action described above, which do you think have the greatest likelihood of materially improving the ability of Australian businesses to commercialise their intellectual capital?

As noted in our response to question 1, we consider that actions designed to assist SMEs to record and track IP, better IP advice, streamlined enforcement options and improved IP arbitration processes would materially improve the ability of these Australian businesses to commercialise their intellectual capital.

High cost and limited enforcement options are the biggest deterrents for businesses seeking to enforce their IP rights. Enforcing rights through the court system is both costly and time consuming. In our view, the introduction of better enforcement options should be given priority over all other proposed actions.

4. Please provide any other comments on the discussion paper.

Innovative businesses which develop new products and IP can benefit from being first to the market, allowing them to establish market share and customer loyalty. In Australia, compared with businesses that don't innovate, a higher proportion of innovation-active businesses consistently report increases from the previous year in their sales, profitability, productivity and growth-related measures.¹

It is very important that the government assist businesses to commercialise their intellectual capital, including by implementing enforcement measures that are both accessible and time and cost effective.

¹ Department of Industry, Innovation and Science *Australian Innovation System Report 2016*, Ch 2, available at < https://www.industry.gov.au/sites/g/files/net3906/f/May%202018/document/pdf/australian_innovation_system_report_2016_0.pdf > (accessed 24 June 2019).

Streamlined enforcement options would materially improve a business' ability to protect its IP and associated rights. As previously noted, factors which deter businesses seeking to enforce their IP rights include the high cost in terms of both time and money and the limited enforcement options available to them. A low-cost tribunal to adjudicate on IP disputes would be a valuable alternative or additional option. This option would be more efficient and effective from a time and cost perspective.

Many IP breaches are carried out online through third party websites. The Australian Domain Administrator ("auDA"), or other body, could be provided with the power to shut down Australian websites that use third party IP without permission, where that IP is registered and protected with IP Australia (such as trademarks). This could involve a warning system and process that allows the third party to remove the infringing content within a specified period. If the infringing content is not removed, then the auDA or other enforcing body should be given the ability to impose a mandatory shut down of the website.

Parties found to have breached another person's IP rights should also be subject to fines and penalties that can be issued by the IP ombudsman or by any government regulator appointed for that purpose.

5. Would you like the department to contact you to discuss your comments and/or would you like to be involved in the ongoing policy development process?

Yes, we are happy to be contacted and to be involved in the ongoing policy development process.

If you have any questions about this submission, please contact Liza Booth, Principal Policy Lawyer, at liza.booth@lawsociety.com.au or on (02) 9926 0202.

Yours faithfully,



Elizabeth Espinosa,
President