

29 October 2020

Mr Rodney Jeffs  
Customs Group, Australian Border Force  
Department of Home Affairs  
3 Lonsdale St  
BRADDON ACT 2612

By email: [Rodney.Jeffs@abf.gov.au](mailto:Rodney.Jeffs@abf.gov.au)

Dear Mr Jeffs,

**Proposal re: Infringement Notice Scheme and Registered Trade Marks**

1. The Intellectual Property Committee of the Business Law Section of the Law Council of Australia (the **Committee**) welcomes the opportunity to make a submission to the Department of Home Affairs on the proposal to extend the 'infringement notice' scheme under Part XIII Division 5 of the *Customs Act 1901* (Cth) (**Customs Act**) to apply to a new offence (to be contained in the *Commerce (Trade Descriptions) Act 1905* (Cth) – the **Customs (Trade Descriptions) Act**) relating to the importation of goods bearing infringing trade marks.
2. The Committee welcomes measures that would create disincentives to the importation of counterfeit goods, and supports the idea of imposing an additional penalty on importers of counterfeit goods besides the loss of those goods. The Committee therefore supports, in principle, the proposal outlined in the Department's consultation paper to allow the Australian Border Force (**ABF**) to issue infringement notices to those persons who are believed on reasonable grounds to have imported goods that infringe a registered trade mark, in contravention of the proposed new importation offence.
3. The one issue on which the Committee wishes to comment, and make a suggestion for a different approach, relates to the proposed timing of the infringement notice.
4. In the consultation paper it is indicated that the Department's intention is for the infringement notice to be issued in two circumstances only. The first is after the Comptroller-General of Customs has issued a 'seizure notice' under section 134 of the *Trade Marks Act 1995* (Cth) (**Trade Marks Act**), and the 'claim period' has passed without the designated owner of the goods making a claim for the release of the goods under section 136, or where the designated owner consents to the forfeiture of the seized goods under section 135. The second situation arises where the designated owner has made a claim for the release of the seized goods, but where the registered owner of the trade mark has instituted an action for infringement of the notified trade mark. If the court then makes a finding of infringement in such an action, it is proposed that an infringement notice will be issued after that time. Notably, it is proposed that infringement notices will not be issued if the designated owner makes a claim for the

release of the seized goods but the owner of the registered mark does not institute infringement proceedings within the claim period.

5. We are grateful to the Department for having identified a potential concern with its proposed approach, namely that it might 'push importers to "roll the dice" and request the release of goods in the hope that brand owners decide not to pursue the issue due to the time and expense of defending their rights'. The Committee considers that this is a serious concern. If infringement notices are only issued at the times proposed in the consultation paper, the Committee considers that this will create an incentive to importers to make a claim for the release of the seized goods, imposing a burden on trade mark owners to commence proceedings to prevent the goods being released. The Committee notes that even if an action is commenced in the Federal Circuit Court, the costs may not always be justified depending on the size of the shipment. Indeed, in our experience, counterfeiters now clearly 'game the system' by importing numerous shipments of small quantities each. This reduces their exposure to losses if a shipment is seized and, much more importantly, makes it much less likely that brand owners will institute court proceedings in respect of small quantities as the costs simply cannot be justified. The Committee is concerned that this could effectively result in a return to the situation that trade mark owners faced before the seizure provisions of the Trade Marks Act were amended by the *Intellectual Property Laws Amendment (Raising The Bar) Act 2012* (Cth), when seized goods were released unless the importer forfeited them.
6. The Committee's view is that infringement notices should be issued at an earlier stage than what is proposed, ideally at the time the seizure notice is issued under section 134 of the Trade Marks Act to avoid the unintended consequence of encouraging the importers to make a claim for the release of the goods.
7. Issuing infringement notices at this time would not substantially impact on the parallel scheme set up under Part 13 of the Trade Marks Act. Our understanding is that section 243Y of the Customs Act would apply to the proposed new importation offence under the Customs (Trade Descriptions) Act, such that if the designated owner pays the penalty under the infringement notice, the 'goods are taken to be condemned as forfeited to the Crown' (s 243Y(1)) and that 'the goods must be dealt with and disposed of in accordance with the directions of the Comptroller-General' (s 243Y(3)). Section 140 of the Trade Marks Act contemplates the Comptroller-General of Customs retaining control of the goods in circumstances where they are infringing, and in such circumstances the Comptroller-General is not under an obligation to release the goods under section 136D of the Trade Marks Act.
8. The Committee notes that if an importer considers that the seized goods are non-infringing, it will still have options available, even if an infringement notice is issued at the same time as the seizure notice. For example, the importer could choose not to pay the penalty under the infringement notice and make a claim for the release of the seized goods under section 136 of the Trade Marks Act (with a view to defending any prosecution that might be brought against it in relation to the new importation offence under the Customs (Trade Descriptions) Act, as well as any trade mark infringement proceedings that may be instituted by the registered owner). Since section 243Y of the Customs Act only applies where the penalty under the infringement notice is paid, there would be nothing preventing the Comptroller-General from releasing the goods in such circumstances. Alternatively, the importer could make representations to the ABF to withdraw the infringement notice on the basis that the goods are non-infringing, which might in turn lead to the Comptroller-General releasing the goods under subsection

136D(2) of the Trade Marks Act. The Committee considers that there is merit in creating a situation where the importer of the goods needs to make a case to the ABF that its goods are non-infringing before they are to be released. At the present time, an importer merely needs to make an assertion that they are entitled to have the goods released without being required to put forward any matters of substance, even though that may increase the ABF's workload in dealing with responses. On the other hand, such a provision is likely to reduce the number of *mala fide* claims for release of the goods.

9. The Committee would be pleased to discuss any aspect of this submission. Please contact the chair of the Committee Matthew Swinn on [matthew.swinn@au.kwm.com](mailto:matthew.swinn@au.kwm.com) or 0411 349 242, if you would like to do so.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Greg Rodgers". The signature is written in a cursive style with a large initial "G".

**Greg Rodgers**  
**Chair, Business Law Section**