

## CPA Australia Podcast

### Transcript – Episode 43

Intro: Hello and welcome to the CPA Australia Podcast, your source for business, leadership and public practice accounting information.

Casey Martone: Hi everybody. I'm Casey Martone and I'm the Assistant Director for Startup and Small Business Engagement at IP Australia. Today with me in the podcast room is our Senior Examiner for Trademarks, Aaron Walters.

Aaron Walters: Good morning, everyone.

Casey Martone: And we're here to talk to you about intellectual property and why it's an important thing for accountants and their clients who typically are small business and, obviously, that's the audience that IP Australia and with our trademark content we're trying to reach.

So let me tell you a little bit about IP Australia for those of you who don't know. So we are the federal government agency that delivers or administers patents, trademarks, designs, and [inaudible 00:00:55] rights. So registered intellectual property rights. And a large part of what we do at IP Australia, is we undertake a lot of education and awareness to promote the intellectual property system and to ensure small businesses, or businesses at large, and any of their business advisor and support networks understand what we do and can engage with the intellectual property system.

So today we're going to talk to you about trademarks. We're going to bring it down to just a right that everyone can engage with and I suppose we see the relationship with trademarks and registered business names, something that accountants can really get behind, understand, and help their businesses that they support understand the difference between the two when they're at the business establishment phase and also to engage with trademarks to help their business that they support help build that brand equity and protect that brand entity as their business grows.

So some of the things we're going to talk today are, obviously IP, it's a business asset. I know you deal with many small businesses each day. Some of them are very new starters. Some of them are returning customers. Do the businesses that you work with, they obviously understand the value of their brand, which is why they're protecting with a trademark?

Aaron Walters: Yeah, look, I mean, that can really, that can vary. Often you can have some people that come in and think they're trademarking because they have to trademark. And other times you've got people who are coming in who are

trademarking because they understand they have a reputation and goodwill that they would like to protect and this is what we find. And when they come in, generally, an examiner will try and assist these applicants in understanding what it is that they are getting as part of this right.

Casey Martone: Fantastic. So for those accountants that are, and I suppose listeners who are new to trademarks, let's ... What is a trademark? What does it all mean?

Aaron Walters: Yeah, so a trademark is essentially the ... It's your brand. It denotes an origin of where your goods and services come from. It's the thing that pops up and says, "Hey, that's this person's biscuits."

Arnott's. Classic example.

Casey Martone: Yeah. So basically, a sign that represents a brand or a company or a business name-

Aaron Walters: Yeah.

Casey Martone: ... and these are all things that can be trademarked. So ...

Biscuits are always good. Arnott's biscuits are an Australian iconic brand and obviously one that's been registered for many years.

Aaron Walters: Clearly something on my mind as well.

Casey Martone: So talk us through why are trademarks important for accountants to understand? Why do we need to have that relationship with the accounting fraternity?

Aaron Walters: Look, I think one of the points that's good to discuss here is that, I touched on it just before, accountants have a unique insight into the businesses or the clients that they're representing. They actually see the dollars and cents. And so one of the things that a trademark is really useful for is once it's registered, it gives them an enforceable right and it also gives them something that they can licence so that generate income, generate royalties, help accountants with projections for the business. All these sorts of things. There are many benefits that can be had from the registration of a trademark.

Casey Martone: Yeah, I mean, when you talk about licencing and, I suppose, franchising also comes to mind, you think about iconic businesses that we have here in Australia. So Jim's Mowing, that's one of my favourite. At one point it was probably one guy named Jim and his lawn mower.

Aaron Walters: Yep.

Casey Martone: And now there are many of his franchises all around the country.

Aaron Walters: And not just offering mowing anymore.

Casey Martone: No, no, certainly not. And so just when you think about the value that brand has and its opportunity that it's taken-

Aaron Walters: And the leverage that can be-

Casey Martone: And the leverage, yeah. Absolutely. So it's quite valuable and it's something that any brand that a business is putting a lot of time and energy and goodwill into should really think about trademark as an option to protect that brand identity.

Aaron Walters: So I guess in that we should also talk about then what can't we register. I think a classic example, one that we use is, you know, a farmer who's selling apples, he won't be able to register "apples" because we're giving him ... A trademark is an exclusive right and we can't, unfortunately, offer trademarks, or we can't prevent a farmer from being able to call his goods the thing ... sorry, other farmers being able to call their goods or their apples what they are. That being said, you put apple on a computer and all of a sudden we're talking about this brand identity or this brand origin. And that's, I think, a good distinction there. What's descriptive and what operates as a brand?

Casey Martone: So as I understand, and certainly a lot of the conversations we have with small businesses, predominantly two core things, obviously, not exclusive, that when a trademark examiner, such as yourself, receives an application, the two core assessments that they make is against the descriptive manner but also other trademarks that are similar or the same. So would you mind talking us through that assessment process and why, I suppose, that the two things that if you're going to help a business look at a trademark protection how you might go about doing some, I suppose, self help and some self direction before you approach the office.

Aaron Walters: That's an excellent thing to get into. So as Casey mentioned, there's a couple of arms or, there's a few, but the two main ones that we come across or that we examine for are whether it's descriptive or whether a trademark is similar to another already registered trademark.

Now the terms that you may hear in your engagement with the office are things like substantial identity or deceptively similar. But let's just think about it as whether or not it's a similar trademark. So what happens is a examiner, when they get the application they will conduct a search of the register to find relevant trademarks which may potentially be what we call barriers to acceptance.

Now, some of the things that accountants can do or even individuals just in terms of getting some knowledge in the area is just conduct a search of the register for their particular words that they're looking to register. It's a really great way ... We've just rolled out a brand new search system to the public

which is really intuitive, user friendly, it's taken onboard a lot of feedback from our main users and type your word in, type your mark in and see what happens.

Now there's no guarantee that you'll find something but certainly, if you do, it puts you in a really good position to move forward from there.

Casey Martone: So I suppose for anyone who is interested in that search we will put a link to that in the show notes, but it is the Australian Trademark Search and it is accessible from the IP Australia website as well.

When businesses come in, obviously, I know a conversation that we had earlier in the week around co-existence of marks and we talked about Dove chocolate and Dove soap.

Aaron Walters: Yeah.

Casey Martone: Both things that I'm a fan of. How can these marks, these two Dove trademarks exist in Australia at the same time. What's the deal there.

Aaron Walters: Yeah, great question. So I guess one of the things that the legislation sort of takes into account, and what we all take into account, is that you can have different operators in different industries. So, that example is a really good one. So, Dove chocolate ... A person who's looking to go out and buy some Dove chocolate are unlikely to be walking away with a bar of Dove soap, thinking that they're coming from the same people. The reason being is that they're just very different industries. They're not industries that we consider traditionally linked to each other.

But then, sort of on the flip side, you may think about, well, what industries could be linked together. I think a good one is software and a software developer. You've got the likelihood of people thinking the software produced by a software developer is coming from, they're a linked industry and they're coming from the same people.

Casey Martone: And so what is, I suppose, crucial that we obviously tell the small businesses particularly on our website and a lot of our communications is around how we classify industries. And I know I always like to use the term industries. I find it's a more user-relevant term, but we do have a, obviously, we call them goods and services classification.

Aaron Walters: Yeah.

Casey Martone: So do ... I suppose, do you want to talk us through what that means and how it applies to a small business coming through when they've got, I suppose, a logo that they want to protect?

Aaron Walters: Sure, yes. So when we're talking about classes of goods and services so they're broken up into 45 classes. The first 34 have to do with goods which ranges from chemicals, computer software, soap, all these things that we've spoken about, food products. And then from 35 to 45, those are our service classes. So dealing with advertising all the way up to legal services. And anything and everything in between, really.

And, I mean, one of the things that's really important to consider is what it exactly is that you're looking to protect. You know, you can certainly, under our system, we can, they are quite broad and you can protect as many things as you want. There's no limit but again, always keep in mind that when you're going broader, you increase the likelihood of there being or the potential likelihood of there being other marks in services that are possibly similar to yours. But they're not services that you're actually operating in now. Really or goods that you're operating in now. So it's always really a fine line to draw but a really good consideration to be had is what exactly is it that you're seeking to protect. And accountants are in, as I said, that unique position to be able to say, "Well, this is where you're making your money, so this is what you should be looking to protect."

Casey Martone: Yeah. Certainly with a lot of the small businesses that we have who make the trademark applications, we know that typically they start out only having their trademark protected in one good or service category so one class. Sometimes two, but usually speaking that's probably where most people will start. And I suppose the reason that's an important thing to consider and, as you say, where do you make your money, is because you do pay, obviously, for a trademark registration and it is paid per class. So for every time that you select a class, and there's a lot of different sub-topics or sub-categories in those classes. But every time you go into a new class you incur an additional class fee.

Aaron Walters: Yep.

Casey Martone: So, obviously, there's no limit on how many classes but, as you said, if I'm a small time provider and I'm working in the dog food industry, I'm probably not going to be too interested in the IT classes and, you know, it's likely to cause additional fees, but certainly if my mark is there-

Aaron Walters: Yeah, that's the thing. You may think in the future you want to expand there and that's always great to have dreams and think forward, but a question that you could ask yourself is well the, "Could I then maybe refile a little bit later on down the track or file in that area that I've expanded into later on down the track?"

Casey Martone: Certainly not a one bite at the cherry type of operation...

Aaron Walters: It's not. It's interesting. I've received ... There's' been a few times, as you say, I've dealt with a number of different, quite a large number of applicants, and

sometimes there is just a general confusion as to whether or not they can reapply for the same trademark but in a different area later on down the track. And that's, always I like to reassure them and say that "You can have the same trademark in different industries and there's no ... Your own portfolio is not going to be a barrier to future registrations."

Casey Martone: Good to know. So I suppose anyone who is thinking of applying for a trademark, our website, and again, we will also put a link to this in the notes, we have some, I suppose, some short videos to help people understand goods and services. Because it is one of the things that I think a lot of our research tells us, it's confusing.

Aaron Walters: Yeah.

Casey Martone: And we know it's confusing. We don't hide behind that, but we do our best to help people understand it and help them get educated so that when they do make their application through our system it is as easy as it possibly can be. So we will put a link to those videos so that you can watch a minute or two of content hopefully you'll understand how you interrogate-

Aaron Walters: Yeah there's some good points raised in those videos that I think is worthwhile for anyone thinking of going, applying for this process, or going through this process.

Casey Martone: So let's talk application process.

Aaron Walters: Cool.

Casey Martone: So you're a small business. You've landed on our website and you select online services, which is a button in the top of our website, so that's obviously the online application system.

Aaron Walters: Mm-hmm (affirmative).

Casey Martone: How do you go about getting a trademark? What you do? What are my options?

Aaron Walters: Okay, so, I mean, there's ... There are two main options really. We've got the national application or the standard application that we refer to so it's just your normal trademark application. Alternatively, we have another service, it's called the Trademark Headstart Service. This is a quick turn around service so this basically means when you file you will receive a response, an initial response, from the office within five business days. And that response will be brief in nature and will say whether or not there is an issue with your application or if you are, can proceed to acceptance. This service can be really beneficial, really useful for people that are starting to enter into the market to get a snapshot of what the office may think about their particular application.

Because it's not something that is concrete from the outset, or because it's an initial report, then examiners are free to give a little bit more information, a little bit more, or assist a little bit more in the process in the information that they provide and in terms of how they can move forward from here. What they can do if there's a barrier. Something like, it's meant to be a really engaging experience between applicants and examiners and provide applicants with a point of contact in the office with some relative quick...speed around the surface.

Casey Martone: So I suppose you said that it's a really great service a business is looking to understand, get a snapshot of what's around in the market that they intend to operate on so as they launch their brand, their product, their service, they know who's out there. They know who's not out there. I know that over the past few years we've seen a number of cases hit the media where a business hasn't been aware of the trademark laws in Australia and unfortunately have launched a business and invested quite a number of dollars into their brand, only to find that potentially a large entity has that brand in that industry and has a registered trademark and they ask that business to stop what they're doing and I suppose that's a really important message, particularly for any business advisor out there supporting a small business is no one knows all the things that they need to do when they get into business.

Aaron Walters: No, that's-

Casey Martone: If we did, we'd have-

Aaron Walters: And that's the thing. It's meant to be an informative service and it's meant to, I guess, just help take some of the pressure off-

Casey Martone: And the risk, yeah.

Aaron Walters: And the risk off applicants particularly when you, if it's something you've not done before it can seem quite daunting and knowing that there is, I guess, someone at the other end there that can help them through, I think that's reassuring.

Casey Martone: So let's talk money

Aaron Walters: Okay.

Casey Martone: So, obviously, as you've said you've obviously got the standard application process which is \$250 per class and that gives you 10 years protection and for anyone who is unfamiliar with protection term it's 10 years or I suppose that equates to \$25 per year over that 10 year period. But it's obviously paid up front. So tell me, how much does Trademark Headstart applications cost? What are customers out for?

Aaron Walters: Excellent. It's a little bit more expensive than a standard application, partly because it's a two step process. So you pay your initial fee up front for like your Headstart report and that's about \$200 per class. Now once you receive your report and you've decided that you want to proceed, you pay what's called the Part two fee and that converts it to that standard application and that's about \$130 per class. So all up about \$330 per class.

Casey Martone: So \$80 more expensive but they get the opportunity to have a conversation with an examiner, they have an opportunity to get a report back that gives them an indication and it helps them assess the risks in taking that brand forward.

Aaron Walters: Yeah, so it's, yeah, so it's ... There's a number of benefits to it but because it is a two step process it is that little bit more expensive.

Casey Martone: Yeah, sure. Alright so I suppose the last thing that I think's important to talk to our audience about is obviously all this content you've shared so far is really focusing on the Australian market. IP rights, are a right to exclude other businesses from an economy, so if you have an Australian trademark you can stop other businesses in Australia using that trademark for the same goods or same services.

So we know, obviously, a lot of Australian businesses are, you know, interested in having I suppose a global brand, a global presence, even if they're, I suppose, an online retailer, you know, the moment they're selling products into another country they're effectively a global trader and I suppose one of the things that many are really keen to know is, "Does my Australian trademark protect me when I'm entering the United States?"

Aaron Walters: Yeah, look. I mean, that's a great question to ask and one of the things that we can do at IP Australia is we can file an international application or you can file an application, an international application through IP Australia's madrid process and that sends that application over to WIPO, which is the international World Intellectual Property Organisation. That's the international bureau that handles all of these international requests and as part of that application through IP Australia, you designate the particular countries that you wish to go into.

So as you say, you can designate China, you can designate the US, all the countries that are signatories to the treaties-

Casey Martone: I think there's just over 100 different countries that you can now designate so it's quite an expansive list that you can pick from.

Aaron Walters: It's, yeah, the potential is huge there but again, as with everything, there's per country it means another, there's a fee associated with each filing and each designation and, again, I believe per class so at some, it can be an expensive process but it does give you that, I guess, ability to be able to file here in



Australia and designate countries overseas rather than seeking a representation in another country and asking them to file in their office on your behalf.

Casey Martone: Which is still, I suppose, an avenue for businesses in Australia. You know, particularly, certainly, if you are going international, getting advice from an attorney is always advisable because Australia's trademark laws are very different to that of China, and that of the United States, and, obviously, all countries have their own rules and we'll examine it one way here but we have no jurisdiction to examine anything that goes international.

Aaron Walters: No, I mean certainly, yeah, it's always good to know if you're thinking of making the step into the international market and protecting your rights internationally, then it is always a good thing to consider seeking legal advice because this is, it's a deep ocean out there and sometimes it's good to have someone that's helping you kind of navigate it all.

Casey Martone: So suppose for anyone who is unfamiliar with the Madrid process, the Madrid protocol, essentially, allows you to leverage your Australian application so you have to have submitted a standard application for Trademark Headstart application through and have a trademark number and what it allows you to do is take that trademark application and use the date that you filed here in Australia up to six months in any of those jurisdictions and, I suppose, the priority date, we call it a priority date, or filing date, it's the day the trademark protection starts-

Aaron Walters: Yes, I mean the priority date is the date that is assigned to your trademark as of when it's lodged with the office and that's really the, that's the important date. That gives you the ... That's the starting point at which your registered protection is taken to exist. So very useful in terms of demonstrating your rights to that mark should you ever need to enforce them as in for how long or when you've been able to, the period of time.

Casey Martone: Alright. I mean it's useful, particularly, if you're looking to go into, let's say, jurisdictions like China. They have a very different trademark system. Theirs is a first to file so the first person to lodge and application and the first person to have that earlier priority date, they, essentially, have the mark, so if you've lodged your mark in Australia today and if you're thinking about going to China in the next couple of weeks, months, perhaps, in that six month period, and, you know, you can leverage that date back. So, I suppose it gives you a little bit more security in markets like that.

Aaron Walters: Yeah, and it's a little bit different to Australia's first to use system, as well. So, but, absolutely, I still think that one of the best avenues if you are looking to go into an international market, it's always great to consult with or seek legal advice there as well.

You'll find that most firms will have relationships with their sort of sister firms in different countries and will be able to provide great insight there.

Casey Martone: Brilliant. Alright well thank you for having a conversation with me in podcasting about trademarks. I know it's on stuff that we, we get a bit excited about, we're IP nerds, I suppose, but I do hope that we've been able to share some really great insights into trademarks and any accountants or small business advisors out there that are working with businesses you know, send them to our website, get the basics of trademarks down and really be mindful and really help us spread the message that a registered business name is not the same as a trademark.

Aaron Walters: No, yeah, exactly. One's an exclusive intangible right and the other is a business number or, sorry, a business name registration and, like, to reiterate earlier points, I think one of the great things about getting the registration is that it's something that can be leveraged. It's something that can be used to generate a future income and that's always a great reason for, aside from trying to protect your brand, but that you can licence it out and create a ... Make it make money for you, basically.

Casey Martone: Alright, alright. Thank you very much. And to everyone listening, we hope you have a wonderful day and please absolutely go to the show notes and engage with the content.

Aaron Walters: Yep, thanks, everyone.

Outro: Thanks for listening to the CPA Australia podcast. To download the transcript and find more information on today's episode, visit [www.cpaaustralia.com.au/podcast/43](http://www.cpaaustralia.com.au/podcast/43).