**The Institute of
Patent and Trade Mark
Attorneys of Australia**

A.C.N. 004 194 263
A.B.N. 78 004 194 263

23 March 2005

Chinese FTA Study Taskforce
Department of Foreign Affairs and Trade
R. G. Casey Building, John McEwen Crescent
Barton ACT 0221

Dear Sirs,

Re: China FTA Feasibility Study Taskforce

We refer to the recent announcement that the Government is investigating the feasibility of a free trade agreement with China. We understand that this Taskforce has been established to consider this issue and that this taskforce is accepting public submissions up until the conclusion of the study process. Please accept the following submission which has been prepared on behalf of the Institute of Patent and Trade Mark Attorneys of Australia (IPTA).

IPTA represents patent and trade mark attorneys registered in Australia, both in private and corporate practice. Although membership of IPTA is voluntary, over 90% of patent attorneys registered in Australia are members of IPTA, either as Fellows or as Ordinary Members of the Institute. Most of these members are also registered as trade marks attorneys in Australia. In addition, the membership of IPTA includes other registered trade marks attorneys who are not also registered as patent attorneys. Accordingly, it is considered that the views of IPTA are representative of the views of a large proportion of patent and trade mark attorneys registered in Australia.

Following the announcement of a potential free trade agreement with China we asked our members to advise the Institute Council of any problems experienced in enforcing intellectual property rights and processing intellectual property matters in China. The following is a summary of the problems identified in the responses received:

1. General difficulties in enforcement of intellectual property rights, particularly by Chinese federal authorities, were identified. Enforcement action taken by provincial authorities appears to be of very limited value. The lack of faith by Australian companies in Chinese intellectual property enforcement practices makes it very difficult for an Australian company with intellectual property rights to deal with a Chinese company. There is often a fear on the part of the Australian company that the Chinese company will act unlawfully in relation to any licensed intellectual property or disclosed know-how or trade secrets and that they will be powerless to prevent such unlawful use. They also fear that any unlawful disclosure or use of their intellectual property will diminish the value of their products and innovations in the

711 High Street East Kew Victoria 3102 Australia
Tel 613 9857 0311 Fax 613 9857 0411
Email mail@ipta.com.au Internet www.ipta.com.au

international market place. With better enforcement practices Australian companies would have more confidence in dealing with Chinese companies. Also in relation to enforcement, Australian companies have difficulties with counterfeit products produced in China and imported into Australia. Many of these counterfeit products do not meet Australian standards and safety regulations and, in some cases, place Australian lives at risk. An example is in the alloy wheel market where Chinese counterfeiters produce copy wheels with false or misleading markings in relation to country of origin, test loads, test standards and other specifications. According to information provided these wheels often fail catastrophically when subjected to standard testing procedures.

2. The delay in examination of patent applications and the fact that Chinese patent law does not include any provisions relating to expedited examination causes significant difficulties for Australian applicants who wish to enforce their patents against Chinese infringers. Because of the delays in obtaining their patents in China it is often far too late to take action against Chinese infringers, other than action to seek damages.

3. Australian applicants have difficulties with patent examiners who often act is if they are authorities on the common general knowledge in a technical field. They do not appear to accept independent evidence as to the state of the common general knowledge in the art, even during reexamination proceedings. This makes it very difficult for Australian applicants to overcome objections raised by Chinese examiners which are based on an incorrect understanding of the technical field or the common general knowledge in that field. They also often reject submissions outright without explanation, which makes it very difficult for applicants to further the prosecution of their applications.

4. Australian applicants often encounter problems with examiners raising new objections after receiving submissions and amendments that are fully responsive to objections raised in previous reports. Chinese examiners should be more thorough when issuing their first examination reports and not raise additional substantive objections or conduct further searching after the first substantive examination report has issued.

5. A major problem in relation to trade marks is the limited 15 day period allowed to respond to a notification of refusal issued against a trade mark application. This period leaves very little time for a client to consider the objections raised by that notification, bearing in mind that the document needs to be translated and forwarded to the Australian attorney by a Chinese patent firm. The problem is particularly significant for Madrid protocol applications where this Notice of Refusal is sent to WIPO before being sent to the Australian attorney or applicant.

6. The requirement to provide a Chinese company name causes difficulties for Australian applicants. Often they have to provide this name at short notice and once they have selected a name, that name will be used for all subsequent applications. Australian applicants have great difficulty in assessing whether these translated versions of their names are appropriate and usually need to rely on advice received from their Chinese patent attorneys.

7. Australian applicants experience difficulties with their specification of goods in relation to trade mark applications. Examiners often do not understand these

specifications of goods and force the applicant to amend the statement to suit the particular examiner. It is often not clear whether these revised specification of goods actually cover the applicant's products and services.

8. There are still several circumstances under which an Australian applicant is required to have documents legalised. This involves forwarding a certified document to foreign affairs for authentication and then to the Chinese Consul for legalisation. This process causes considerable delay and inconvenience for the Australian applicant.

We ask the Taskforce to consider the potential for addressing these concerns in its assessment of the feasibility of a free trade agreement with China.

IPTA would be pleased to answer any questions which may arise from the above submission and to participate in any discussions relating to the feasibility or content of a free trade agreement with China.

Michael J Caine
Convenor, International Patent Committee
Institute of Patent and Trade Mark Attorneys of Australia