

IS YOUR BUSINESS OR INDUSTRY IMPACTED BY PARALLEL IMPORTS?

The laws around parallel imports are currently before Parliament for consideration and are likely to change.

What is a parallel import?

A parallel import is a genuine branded product (not a counterfeit), which has been manufactured and branded for sale overseas, but instead has been imported into Australia outside of the manufacturer's approved distribution channels. It has been government policy for over 20 years to allow parallel imports in order to allow competition against the holders of Australian distributorships for those brands.

What are the current laws?

Under the current laws, it is a breach of the *Trade Marks Act 1995* (Cth) (**Act**) to use as a trade mark a sign that is substantially identical with, or deceptively similar to, a registered trade mark in relation to goods or services in respect of which the trade mark is registered.

Despite this, parallel importers have a defence to trade mark infringement if trade marks were applied to the parallel imports with the consent of the owner of the Australian trade marks. So, if a US manufacturer owns the Australian trade mark and exports its goods to Australia for sale by a local distributor, the parallel importer of those goods has a defence against trade mark infringement under s120 of the Act.

However, some court cases that have gone as far as the High Court have confirmed that the owner of the mark must be the consenting party to the application of the trademark on goods imported into Australia. This means that Australian distributors are currently able to prevent parallel imports by taking an assignment of the trade mark from the foreign trade mark owner. Although the products are genuine, the trade marks on the products have not been applied with the consent of the Australian distributor, and therefore the defence to trade mark infringement under the Act is not available to the importer of the parallel goods. This scenario was never intended by Parliament.

What will the changes mean?

The proposed changes to the parallel importation laws under the *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Bill 2017* will expand the defence to trade mark infringement available to parallel importers, that will essentially do away with that loophole.

If enacted, the changes will mean that parallel imports will not infringe the rights of an Australian registered trade mark owner where it was reasonable to assume that the trade mark was applied to the imported products by:

1. The owner of the registered trade mark;
2. An authorised user of the trade mark;
3. A person with a valid permission to use the trade mark by the registered owner or an authorised user;
4. A person with significant influence over the use of the trade mark by the registered owner; or
5. An authorised user or an associated entity of any of these persons.

Need advice in relation to a trade mark issue? Feel free to contact [Malcolm Brown](#) or [Natalie Lasek](#).

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