

## **Review of the Personal Property Securities Act 2009**

### *Consultation Response Template*

Consultation Paper 2

#### Instructions:

Please use the form below to provide feedback with respect to the proposed recommendations and issues listed in each section of the form. Please refer and respond to the proposed recommendation or issue as set out in Consultation Paper 2. The heading and paragraph number of the relevant sections of the consultation paper are included to help guide you.

Please note your agreement or disagreement with the proposed recommendation by deleting either 'Yes' or 'No' where indicated. Comments can be provided in the box below each proposition. There is no word limit for comments but succinct responses clearly setting out the reasons for agreement or disagreement with the proposed recommendation will be of most use for the purposes of the review.

You may respond to as many or as few propositions as you wish.

Name: Professor Robert Burrell; Associate Professor Michael Handler
Organisations: University of Western Australia & University of Sheffield; University of New South Wales
Background/Expertise/Interest in PPSA Review: academic lawyers who undertake consultancy work to law firms from time to time, who have a particular interest in how the PPSA Regime applies to registered trade marks. Authors of <i>Australian Trade Mark Law</i> (Oxford University Press, 2010), in relevant part, pp. 486-490; 'The PPSA and Registered Trade Marks: When Bureaucratic Systems Collide' (2011) 34 <i>UNSW Law Journal</i> 600-627; 'Registering Security Interests Over Trade Marks In Australia: Theory And Practice', forthcoming in Irene Calboli and Jacques de Werra (eds), <i>Law and Practice of Trade Mark Transactions</i> (Edward Elgar, 2015).
This submission is accordingly limited to the narrow question raised in paragraph 5.4.2.1.3 of the Second Consultation Paper concerning the application of s 44 of the PPSA to property identified by serial number.
Contact Details: <a href="mailto:robert.burrell@uwa.edu.au">robert.burrell@uwa.edu.au</a> ; <a href="mailto:m.handler@unsw.edu.au">m.handler@unsw.edu.au</a>

<b>5.4.2.1.3 What types of serial-numbered property should s 44 apply to?</b>
<i>Should s 44 be limited to motor vehicles?</i>
<p>Comments:</p> <p>It is our view that the serial-numbered property provision set out in s 44 of the Act should continue to apply to registered intellectual property rights, including registered trade mark rights. We have both a positive and negative reason for coming to this conclusion:</p> <ol style="list-style-type: none"> <li>1) The positive reason for favouring maintenance of the current position is that intellectual property practitioners are accustomed to dealing with registered rights by reference to their registration / serial number. Indeed, the governing IP statutes generally provide that reference to a registration number is taken to be adequate to identify the property in question. See, for example, s 218 of the <i>Trade Marks Act 1995</i> (Cth), which provides that "In an indictment, information, pleading or proceeding relating to a registered trade mark, the trade mark may be identified by its registration number. It is not necessary to reproduce or describe the trade mark." Moving away from the current position under the PPSA is likely to lead to errors and will increase search costs, possibly significantly. In this regard, it should be noted that a business's intellectual property portfolio will often be split across multiple holding companies. For a party wishing to search the PPS Register who may be interested in whether a specific item of intellectual property (eg, a single trade mark, or a single patent) is encumbered, a search that can only take place by reference to the registered owner of that property is likely to be much less efficient. A subsidiary consideration is that voluntary recording of PPSA security interests under the TMA remains possible – indeed, such recording is strongly advisable, given the advantages that continue to be conferred on holders of such interests under the TMA (in particular, the right to be informed and hence to intervene before amendments are</li> </ol>

#### 5.4.2.1.3 What types of serial-numbered property should s 44 apply to?

made to the Register). The recording of such interests on the Trade Marks Register will continue to be by reference to registration (i.e. serial) number. The starting presumption must be that the two systems should be kept in harmony to this extent.

- 2) The negative reason for continuing with the current position is that we do not believe that the Second Consultation Paper provides an adequate justification for change. The only potential problem identified in the Paper is that it *may* produce 'clutter'. There is, however, need for caution here. Clutter in this context must be understood as things that make the register more difficult to search and hence less useful as a source of information. This cannot be judged by reference to the number of entries on the register – there is no necessary correlation between an increase or decrease in the number of entries on the register and the register becoming more or less difficult to search. For the reasons we have already outlined we are of the view that any change from the current position is likely to increase search costs.

For the above reasons we are of the view that s 44 should continue to have its current scope of operation, at least as regards registered intellectual property rights. Any change would have to be preceded by a carefully reasoned discussion of not just the issues outlined above, but also of the merits from a policy perspective of denying purchasers of intellectual property rights the benefits afforded by s 44.