

30 March 2011

CTT Law Update

Intellectual property pirates to face new border controls

Over time we have provided various updates on the rights of holders of intellectual property to seize goods at the border arising out of alleged breaches of copyright or trademark legislation. Those holding intellectual property rights have regularly claimed that the border provisions do not allow them to effectively protect their interests.

An example of an effort by the Australian Federal Government to improve the remedies at the border is to be found in the Exposure Draft of the *Intellectual Property Laws Amendment (Raising the Bar) Bill 2011* ("Bill").

According to the Explanatory Memorandum issued in relation to the Exposure Draft;

"The objective of the intellectual property ("IP") rights system is to support innovation by encouraging investment in research and technology in Australia and by helping Australian businesses benefit from their good ideas. The purpose of this Bill is to make improvements to IP rights legislation to better meet those objectives".

The Explanatory Memorandum refers to the Bill making amendments to Australian intellectual property rights in 6 main categories in the following 6 schedules to the Bill.

"Schedule 1 – Raising the quality of granted patents.

Schedule 2 – Free access to patented inventions for research and regulatory activities.

Schedule 3 – Reducing delays in resolving patent and trade mark applications.

Schedule 4 – Assisting the operations of the IP profession.

Schedule 5 – Improving mechanisms for trade mark and copyright enforcement.

Schedule 6 – Simplifying the IP system".

The main focus for this summary relates to the amendments in the proposed Schedule 5 of the Bill. While the Schedule increases penalties for trade mark infringement to the same level as for copyright infringement, the specific interest for those in industry are the proposed changes to the protection of intellectual property "at the border".

The proposals are intended to assist those holding intellectual property rights who have lodged "notices of objection" ("Objectors") to protect their rights under the *Copyright Act 1968* and the *Trade Marks Act 1995*.

The amendments include the following.

- To allow the CEO of Customs to provide the Objector with information on the exporter as well as the importer of the allegedly infringing goods. The types of information which can be provided include personal information (as defined and otherwise protected in the Privacy legislation).
- The CEO of Customs can permit the Objector to inspect or remove multiple samples of the seized goods which allegedly infringe the rights of the Objector. This aims to overcome the perceived difficulty that an Objector is only entitled to recover one item at the moment, which item could, in fact, be a legitimate copy of the relevant item.
- If no action is taken by the Objector against the importer, the importer then must bring a claim to recover the goods which have been seized and provide prescribed information such as an address where the Objector can serve legal proceedings on the importer. Again, this seeks to overcome perceived problems with the current scheme by which goods are automatically released to an importer if the Objector does not bring proceedings within a prescribed time.
- The CEO of Customs can notify an Objector if a claim is made by the importer for the goods including details of the importer and exporter.
- New provisions for the forfeiture of goods where no claim is made or a claim is made for the goods by the importer but the goods are not collected once they had been released.
- A new process for an importer to claim compensation if it proves that legitimate goods were imported and withheld or destroyed.

- To provide that an Objector can bring proceedings in relation to the allegedly infringing goods outside of the time prescribed in the legislation. There have been a number of recent Federal Court cases in which an Objector sought leave from the Federal Court to bring proceedings outside of the limit of time available in the legislation.

A necessary consequence of improving the rights of Objectors may be to increase the risks of importing any goods and increasing the time by which goods are held – all of which could have an impact on a service provider who had arranged for the freight and Customs clearance of the goods of being unaware of the contentious nature of the goods. This puts an increased focus on the need to consider the types of goods being imported, the parties with whom the contract is entered into and the types of warranties and indemnities provided by clients to adequately protect against additional exposure and liability.

At this stage, the period for commentary on the Exposure Draft has passed and we now await confirmation whether the Bill will proceed and in what form it will proceed. However, given the significance of the reforms contained in the Bill and the general intent of the Parliament to provide additional protection to the rights of those holding intellectual property rights, it will be expected that the Bill will be reintroduced in a largely similar form in the near future.

As always, we will keep you informed of developments and would be pleased to assist further if required.

Contacts

Andrew Hudson, Melbourne +61 3 8602 9231 ahudson@hunthunt.com.au