

Australia

Contributing firm
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Legal framework

Australia has a well-established legal regime to deal with counterfeit and pirated goods.

Under the Trademarks Act 1995 (Cth) and the Copyright Act 1968 (Cth), a range of civil and criminal measures can be taken in relation to products that infringe registered trademarks and copyright material.

Owners of registered and unregistered rights may also have recourse under Sections 52 and 53 of the Trade Practices Act 1974 (Cth) (and equivalent provisions in state and territory fair trading laws), which proscribe misleading and deceptive conduct and the making of false representations.

As well as consumer protection legislation, the common law tort of passing off can be relied on as a means to stop unlawful misrepresentation as to the trade source of goods.

In addition, the Commerce (Trade Descriptions) Act 1905 (Cth) prohibits the

import of goods bearing a false trade description.

Border measures

A registered trademark owner (or the authorized user of a mark) or the owner of copyright material (or its exclusive licensee) can lodge a notice of objection with the Australian Customs and Border Protection Service providing details of Australian registered trademarks or copyright material. If Customs becomes aware of goods suspected of infringing the rights of a trademark or copyright owner, it has the power to seize such goods for a limited period.

A notice of objection is effective for four years, but may be continually updated and extended for a further period by relodgement. Multiple trademarks or copyright material may be included in a notice of objection. It is necessary for an objector to give a written undertaking to the Commonwealth of Australia to repay any expenses incurred by Customs in connection with a seizure of goods. It is also useful to supply Customs with any

counterfeiting intelligence, including details of suspected importers of counterfeit goods, anticipated shipments and methods of detecting counterfeit goods. Such information may be provided to Customs on a confidential basis.

If goods are seized by Customs, the objector will be given notice of the seizure and will have 10 working days to commence court proceedings for trademark or copyright infringement against the importer of the seized goods. Customs may extend the action period for a further 10 working days at its discretion upon application by the objector.

If civil proceedings are not commenced within the action period, the goods must be released by Customs to the importer, unless the importer consents to the voluntary forfeiture of the goods to Customs.

If proceedings are commenced against the importer, an injunction to prevent release of the goods must be obtained within 20 working days of issuing the proceedings; otherwise, the goods must be released to the importer.

Criminal prosecution

Offences under the Trademarks Act

Criminal offences under the Trademarks Act are primarily concerned with the counterfeiting and falsification of registered trademarks. These offences generally have a fault element of knowledge or recklessness as to whether a trademark is registered or has been falsified, unlawfully removed or falsely applied (as the case may be), and include:

- falsifying or unlawfully removing registered trademarks on goods or in relation to services that are being, or are to be, dealt with or provided in the course of trade;
- falsely applying registered trademarks to goods or services that are being, or are to be, dealt with or provided in the course of trade;
- creating or possessing a die, block, machine or instrument that can be used in committing the above offences; and
- intentionally dealing in (ie, selling, exposing for sale, possessing or importing), for the purpose of trade or manufacture, goods where a registered trademark has been falsified, unlawfully removed or falsely applied.

There are also aiding and abetting offences, offences in relation to making false representations regarding trademarks and a range of other miscellaneous offences.

The maximum penalty for an individual convicted of an offence is imprisonment for up to two years and/or a fine of A\$55,000. A corporation can be fined up to five times this amount. Infringing goods or instruments can also be seized and destroyed.

Offences under the Copyright Act

In general, only copyright infringements that are on a commercial scale or involve commercial dealings are criminal offences. For example, it is an offence to:

- engage in infringement on a commercial scale which has a substantial prejudicial impact on the copyright owner;
- make, sell, hire out or otherwise deal in an article which is an infringing copy of a work or other subject matter with the intention of selling it, letting it for hire or obtaining a commercial advantage or profit; or
- import, distribute or possess an article which is an infringing copy of a work or other subject matter for various trade purposes, including to obtain a commercial advantage or profit, or in a way that prejudicially affects the copyright owner.

Changes to the Copyright Act which came into effect on January 1 2007 included the introduction of a tiered regime of indictable, summary and strict liability offences. The tiered offences contain similar physical elements, but have different fault elements (ranging from intention and recklessness to no fault) to reflect the different levels of seriousness. Instead of a matter going to court, for some strict liability offences the police can issue an infringement notice.

Certain indictable offences under the Copyright Act attract a maximum penalty for an individual of up to five years' imprisonment and/or a fine of up to A\$93,500. Similar to trademark offences, a corporation may be fined up to five times this amount. In addition, the courts can order that infringing copies and equipment used to commit an offence be destroyed, handed over to the copyright owner or otherwise dealt with as the court sees fit.

Offences under the Trade Practices Act

In relation to counterfeiting, it is an offence under Section 75AZC of the Trade Practices Act for a corporation in trade or commerce, in connection with the supply or possible supply of goods or their promotion, to represent that goods have a sponsorship or approval that they do not have (equivalent legislation applies to individuals in each of the states and territories). For example, in the case of counterfeit goods, a claim may be based on a misrepresentation that the goods were manufactured by or with the approval of the trademark or copyright owner. It is also an offence under this provision to make a false or misleading representation about the place of origin of goods.

The maximum penalty for a corporation that breaches Section 75AZC is a fine of A\$1.1 million. Section 79 extends the scope of the section to individuals involved in the breach: the maximum penalty for an individual is a fine of A\$220,000.

Offences under the Commerce (Trade Descriptions) Act

The Commerce (Trade Descriptions) Act makes it an offence to import or export goods bearing a false trade description. This offence attracts a fine of up to A\$10,000 for an individual and up to five times this amount for a corporation. The offending goods may be seized and forfeited to Customs, unless the importer can satisfy Customs that the breach was not intentional or reckless.

Civil enforcement

A number of preliminary steps can be taken prior to issuing proceedings. These include conducting investigations (online and in the marketplace) to ascertain the scope of a suspected infringer's counterfeiting activities, conducting asset checks and making trap purchases, all of which may ultimately be used as evidence in proceedings. Giving a notice of the existence of IP rights without making allegations of infringement or threatening legal action (whether express or implied) may be effective to deter counterfeiting activities. Unless there is a risk of evidence being destroyed, a cost-effective way of dealing with an infringer is to send a letter of demand to an infringer requiring undertakings to stop importing or selling counterfeit goods, deliver up unsold goods, pay damages or an account of profits and provide details of the supplier of the goods. However, if groundless threats of trademark or copyright infringement proceedings are made, or false representations are made as to the existence of a right or remedy, the recipient of a threat may itself take action against a rights owner. Thus, these preliminary steps must be considered carefully at the outset.

It may be necessary to make an urgent court application, such as seeking an Anton Piller order to enable a search and inspection of property relating to counterfeiting activities, or an interim or interlocutory injunction to restrain an infringer's activities. Court proceedings for preliminary discovery may also be sought where infringing activity is suspected, but insufficient information is available after making reasonable inquiries to identify the infringer or the nature of a suspected infringer's activities.

IP matters may be commenced in the Federal Court of Australia, as well as in the supreme court of each state and territory. Proceedings can also be transferred to lower-level courts. There is a risk that if proceedings are brought in the Federal Court and a judgment for less than A\$100,000 is awarded, or if the court determines that the proceedings could more suitably have been brought in a lower level court, any costs ordered to be paid in favour of an applicant will be reduced by one-third unless otherwise ordered.

Australian courts encourage parties to explore alternative dispute resolution as a way to resolve disputes. For example, parties to proceedings can request that a matter be referred to mediation before a court registrar after proceedings are issued and

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before any substantive steps have been taken in the matter. Alternatively, a Calderbank offer or a formal offer of compromise can be made by a plaintiff to the defendant, setting out proposed terms of settlement. If such an offer is rejected by the defendant and the plaintiff ultimately obtains judgment in the proceedings on terms no less favourable than the terms of the offer, the offer may be produced to the court and the court may order the defendant to pay the plaintiff's costs subsequent to the date on which the offer was made on an indemnity basis.

Anti-counterfeiting online

A range of services are available for monitoring and investigating online activities. It is desirable for rights holders to have in place a monitoring service or software for monitoring online piracy and counterfeiting.

Online auction sites such as eBay are commonly used to sell counterfeit goods. To protect the rights of IP owners, eBay has implemented the Verified Rights Owner programme, which is designed to provide a fast means of reporting infringing listings and having them removed.

Counterfeiters also use domain names which include a registered trademark to direct internet users to their website. It is possible for a party with rights in a '.au' domain name to lodge a complaint about such use under the '.au' Domain Names Dispute Resolution Policy (auDRP). The auDRP is an adaptation of the Internet Corporation for Assigned Names and Numbers Uniform Dispute Resolution

Policy (UDRP) with respect to top-level domains. One of the main differences between the two policies is that under the auDRP the complainant must prove only either that the domain name has been registered in bad faith or that it has been used in bad faith after registration, whereas under the UDRP the complainant must prove both bad-faith registration and bad-faith use. The auDRP also takes into consideration the policy rules that apply to '.au' domain names and expands the types of right on which a complainant can rely beyond registered trademarks.

Internet service providers (ISPs) can be of assistance once a counterfeiter has been identified, as they often have a 'terms of use' policy which prohibits subscribers from infringing the IP rights of third parties and enables rights owners to notify the ISP of suspected breaches of terms of use. In some circumstances, ISPs might be prepared to shut down a site if a person is engaging in counterfeiting.

An ISP will not be directly liable for authorizing copyright infringement that occurs with respect to material accessed using the facilities it provides, unless it controls the content of that material. There are also safe harbour provisions in the Copyright Act which limit the liability of carriage service providers, such as ISPs, in certain circumstances.

The Australian government is involved in negotiations regarding the proposed Anti-counterfeiting Trade Agreement. On the agenda for this new plurilateral treaty is the enforcement of IP rights in the digital environment.

Preventive measures/strategies

A number of preventive measures and strategies to combat counterfeiting have been canvassed above. An effective anti-counterfeiting programme should include:

- lodging a notice of objection with the Australian Customs and Border Protection Service, keeping the notice updated and collecting and supplying intelligence and training to Customs officials;
- maintaining a trademark watching service to monitor applications for registrations of similar marks;
- monitoring online activities;
- conducting regular inspections of markets and retailers;
- ensuring that trademarks used in Australia are registered and that trademarks registered in Australia are used; and
- joining eBay's Verified Rights Owner programme. [WTR](#)



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Joy Atacador is a partner in Davies Collison Cave's litigation practice group. Ms Atacador specializes in contentious IP matters. She has acted for well-known local and global fashion brands and companies in the motor vehicle, aluminium, food and beverage, textile and pharmaceutical sectors in proceedings involving copyright, trademarks, patents, designs, misuse of confidential information, passing off and misleading conduct.

Ms Atacador has extensive experience in handling anti-counterfeiting enforcement programmes for IP rights holders, including maintaining protection of trademarks and copyright material under the Australian notice of objection scheme, issuing letters of demand, obtaining urgent interlocutory injunctive relief and final judgment at trial.

Ms Atacador regularly advises clients on a broad range of copyright issues and has represented clients in a variety of trade dress, branding and product get-up disputes.



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Claire Ramsay is a lawyer in Davies Collison Cave's litigation practice group. Prior to joining the firm, Ms Ramsay worked as an associate to the Honourable Justice Susan Crennan in both the Federal Court and the High Court of Australia.

Ms Ramsay's major area of practice is IP litigation. She has been involved in trade practice, copyright, design, patent and trademark infringement actions in the Federal Court of Australia. Ms Ramsay has also provided anti-counterfeiting enforcement advice to both international and Australian clients, including in the food and beverage and fashion industries.