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Australian Law Update – October 2011

Intellectual Property

Trademark Filings Up

IP Australia has confirmed that trademark applications for the year ended 31 August 2011, totaled 69,003. This is a new record for Australian trademark applications and has defied predictions of a slowdown due to global economic conditions. The increase in trade mark applications may also reflect an improved understanding of intellectual property. Businesses realise the importance of differentiating from competitors and are taking their intellectual property seriously. A recent IP Australia survey (see www.ipaustralia.gov.au) showed that while the majority of SMEs (54%) rated themselves "somewhat aware" of IP (consistent with last year's figures), the proportion of those "very aware" doubled from 15% to 32%.

New National Business Names Scheme for 201

Much to the annoyance of national businesses, each state and territory has required a business to register its business name (if different in any way to its company name) with each state or territory's consumer affairs department, prior to carrying on business. Since the advent of the Internet, this was widely thought to be one example of over-regulation, and something that should be nationalized given the national and global nature of business. From mid-2012, Australia will finally have a National Business Names Regulation in place – the Australian Securities and Investments Commission (ASIC) will manage this system, and allow for one simple registration for a business name to be filed, rather than separate registrations for each state and territory. Those business names already registered with the states and territories, will be grand-fathered over to the new ASIC business name registry.

Refresher on Australia's IP Laws for the Four Major Rights

- Trademarks

It is important that any businesses wishing to invest in Australia in any way, whether it be to sell or make goods or services in Australia, apply to register their trademarks and patents in Australia as soon as possible - failure to do this, will mean that there will be little that it can do to stop third parties copying their goods and services and in some cases, the third parties will register the trademarks and patents leading to the foreign business needing to rebrand or redesign its products for the Australian market. It only costs a few thousand dollars to register a trademark or a patent in Australia, and it should be seen as an investment in the future of the business – further, any registered intellectual property greatly adds to the value of the business as far as financing and potential IPOs and M&A is concerned.

The Australian trademarks and patents registries, as well as the designs registry, is maintained by IP Australia – see www.ipaustralia.gov.au. All trademark and patent applications are filed with IP Australia, and in most cases, electronic filing is possible. Prior to filing a trademark application in Australia, is important that a search be conducted with IP Australia to see whether a prior existing trademark application or registration exists, for a trademark that is the same or similar to the one that you are interested in registering in Australia. The search can be carried out online, but due to technicalities associated with the search and analysis under the Australian Trademarks Act 1995, it is always recommended that a trademark law expert does this work. The costs are negligible.

Under the Australian Trademarks Act, it is possible to register distinctive words, sounds, smells and colors as trademarks in Australia. The key factors that the examiners in IP Australia will consider when reviewing an application are – (i) distinctiveness of the trademarks and (ii) whether any third party has registered the same or deceptively similar mark for the same or similar goods or services in the past. It is important to realize that it is possible to file an international trademark application through the World Intellectual Property Organisation (see www.wipo.org) (“WIPO”)

designating Australia, and have the trademark registered through that system. If a business is looking to file trademark applications for a large number of countries at the one time, then this systems should be considered as it may save costs.

Filing an application directly in Australia requires a foreign client to appoint a trademark lawyer to prepare and file the application on its behalf – the lawyer will be able to provide advice as to which goods and services should be included in the application, potential third party similarity issues, and other issues. A lawyer can also assist in development of a trademark so that it will be seen as distinctive by the IP Australia examiners and have the best prospects for being accepted for registration. Once an application is filed with IP Australia, it will usually take around 12 months for the application to be accepted for registration – once accepted, it will be published for opposition purposes, and if no opposition proceedings are filed, IP Australia will issue an official trademark registration certificate for the trademark. Once a trademark is registered, under the Australian Trademarks Act 1995, the owner of the trademark gets the exclusive rights to use of that trademark in relation to the goods and/or services referred to in the trademark registration certificate – obviously this can be a very powerful tool for a business.

Initially, a trademark is registered in Australia for 10 years. The trademark registration can be renewed every 10 years indefinitely, provided that it is continually used by its owner or authorized licensee.

- Patents

Under the Australian Patents Act 1990, it is possible to register an invention as a patent in Australia if the invention is novel (ie. it is new and has not been disclosed anywhere else in the world – note that a 12 month grace period applies), involve an inventive step (ie. it must not simply involve an obvious addition to existing technology) and be usable. The Patents Act 1990 recognises two types of patents – an invention patent, which takes around 5 years to obtain due to extensive examination processes, and lasts for 20 years; and an innovation/short-term patent, which usually registers within a much shorter period of time, but only lasts for 8 years. Anyone wishing to register a patent in

Australia, is advised to work with an Australian patent attorney for drafting of the patent application and prosecution of the patent through IP Australia. Patent attorneys are experienced in drafting patent applications so that they have the greatest chances of being favorably examined by the IP Australia examiners. Further, a strongly drafted patent will be much easier to enforce in any patent litigation proceedings.

It is important to note that Australia is party to the Patent Cooperation Treaty, which means that it is possible for an applicant to file an application to protect a new invention through WIPO, designating Australia – when a large number of countries are involved, this can save costs.

Any use of patented technology by a third party, should only take place under carefully drafted license agreements. The agreement should cover issues such as assignment and sub-contracting, marking, royalties and tax issues, improvements and future patent applications.

- Designs

The Australian Designs Act 2003 allows someone to register a novel shape/design for a product. This law is very useful to industrial designers and innovative design companies, and protects the appearance of the product as opposed to how the product works. Applicants are advised to instruct patent attorneys to file any design applications with IP Australia, since a strong registered design will allow for easier enforcement if counterfeiting or infringement occurs.

A design can be registered for up to 10 years, provided that maintenance fees are paid when due.

- Copyright

Australia is party to many international copyright conventions, such that under the Australian Copyright Act 1968, copyright arises automatically in a work or other protectable subject matter such as software and there is no requirement for registration in Australia. Some countries, such as China, offer a voluntary registration system for copyright, but Australia does not. Copyright protects things such as literary works, musical works, audio-visual

works and software. It can also be used to protect tables and graphical layouts and should form a valuable part of a businesses intellectual property collection.

In order for a work to qualify for protection under the Australian Copyright Act 1968, it must be an original creation, require some skill and effort, and must be put down in some tangible medium. Copyright protection can last for a long time – in many cases, it lasts for the lifetime of the author plus 70 years.

Licensing of copyright works should be carried out carefully under strictly drafted agreements. Given the lack of registration for copyright works in Australia, it is important that licensees be permitted to use works on a short leash.

New Privacy Guidelines for Broadcasters

The ACMA has recently released new draft privacy guidelines for public comment. The original guidelines for broadcasters were issued by the ACMA in 2005. One of the major suggested amendments relates to consent issues for private information relating to children and other “vulnerable” persons. It is anticipated that the new guidelines will be become operational in early 2012.

Employment

Court Considers Enforceability of Restraint of Trade Clause

Recently, the New South Wales Supreme Court was asked to consider a clause in an employment deed that restrained an employee for working for a rival television network for 12 months following termination of the agreement. In *Seven Network v Warburton*, the court noted that the particular restraint of trade clause in this case was most likely in place to protect the confidential information obtained by the employee whilst he was employed by the Seven Network as Chief of Sales. The court noted that they are usually reluctant to uphold the validity of post-employment termination restraints that “have the effect of preventing a person from earning a living”, and went on to state this principle needed to be balanced against the concept that a restraint can be seen as reasonably

necessary to protect the legitimate business interests of an employer. The court considered that the restraint in this case was reasonable for the protection of the legitimate business interests of Seven, but that the term was excessive – the term was essentially reduced from 12 months to 6 months. This case provides a timely reminder to employers that in order for a restraint of trade to be enforceable, ideally the reasons for the restraint should be agreed in the employment documentation.

Dispute Resolution – International Arbitration

Court Refuses to Enforce Arbitral Award from Mongolia

In the recent case of IMC Aviation Solutions Pty Ltd v Altain Khuder LLC, the Victorian Court Appeal refused to enforce the award of a Mongolian arbitration body. The original dispute arose out of an agreement between Altain Khuder and IMC Mining Inc (A BVI registered company) – the agreement did not refer to IMC Aviation Solutions Pty Ltd and it was certainly not a signatory to the agreement. The agreement contained a clause mandating arbitration in the event of a dispute arising, and one a dispute did so arise, Altain Khuder commenced arbitration against IMC Mining Inc – no one from IMC Mining Inc or any IMC entity attended the arbitration, and the arbitrator ended up finding in favour of Altain Khuder. The Mongolian courts affirmed the award, and then Altain Khuder sought to enforce the award against the Australian IMC entity, IMC Aviation Solutions Pty Ltd. In applying the International Arbitration Act 1974 (Cth), the court decided that the award could not be enforced against an entity that was not party to the original agreement, and did not submit to the arbitration proceedings. Further, the court confirmed that it would never act as a rubber stamping office in relation to the recognition and enforcement of foreign arbitral awards, and that it should consider all relevant aspects of the arbitral award prior to issuing orders regarding the enforcement of the awards. The court stated that “*at all stages of the enforcement process, courts perform a judicial function and, accordingly, must act judicially. To act robotically is not to act judicially.*” This case highlights the importance of making sure that all relevant parties are made signatories to commercial agreements, such that

legal rights are not compromised in the event of a dispute arising. As countries like Mongolia and China do not have mutual recognition arrangements with Australia regarding court decisions, in many cases, the only practical way to seek damages in the event of a dispute arising during a project, will be through arbitration under a suitably drafted commercial agreement.

General Commercial

New Waste Management Regulations for Queensland

On 3 August 2011, the Queensland Minister for Environment, introduced a new waste management Bill into the Queensland Parliament – the Waste Reduction and Recycling Bill 2011 (Qld). The Bill is aimed at fostering the modernization of waste collection practices in Queensland – it seeks to achieve this goal through authorizing the establishment of a State waste management strategy, the provision of streamlined reporting requirements for the State and local governments as well as business and industry, use approval issues and waste tracking requirements. The Bill also introduces a “waste levy” (due to commence on 1 December 2011) for the disposal of certain types of waste such as commercial and industrial waste, construction and demolition waste and contaminated site waste. In addition to dealing with some major waste management issues, the Bill also provides for the facilitating of the Federal governments Carbon Farming Initiative and National Water Initiative. Further details are available from our office.

Immigration

High Court Rules Malaysian Processing Unlawful

In a much publicized decision, the Australian High Court declared that (by five judges to two) that Malaysia was not bound to look after the human rights of certain asylum seekers and therefore, the Immigration Minister could not declare Malaysia to be a country where persons could be sent for processing as refugees. In essence, the court ruled that Australia could not legally send asylum seekers from Australia to another country for processing, unless that

country was legally bound by international law or its own domestic law, to provide certain legal rights to these persons pending the processing of their applications. Malaysia is not a party to the United Nations conventions regarding refugees, and would most likely need to spend significant time amending its domestic legislation so that it could become a party to these conventions.

This newsletter is intended to provide clients with a summary of major or interesting Australian legal developments. All readers of this newsletter should seek formal legal advice prior to relying on any statements or opinions in this newsletter.



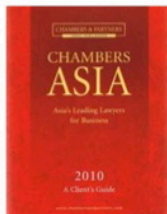
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