

1988

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

CIRCUIT LAYOUTS BILL 1988

EXPLANATORY MEMORANDUM

(Circulated by Authority of the Attorney-General,
the Honourable Lionel Bowen, MP)

CIRCUIT LAYOUTS BILL 1988

OUTLINE

This Bill provides a new copyright-style of intellectual property in original layouts for integrated circuits. The Bill is consistent with the main elements of a draft Treaty on the topic developed by the World Intellectual Property Organisation, and with the laws of our major trading partners.

A layout is the plan which shows the three-dimensional location of the electronic components of an integrated circuit. Layouts are usually highly complex. The intellectual effort involved in creating an original layout can be both considerable and valuable.

The Bill provides certain exclusive rights (called in the Bill "EL rights") to the creator of an eligible original circuit layout. However, where the creator is an employed person, the employer is the rights owner unless there is a contrary agreement (clause 16).

The EL rights are:

- (i) the right to copy a layout;
- (ii) the right to make an integrated circuit in accordance with a layout (a three-dimensional copy of the layout); and
- (iii) for commercial purposes, to import, sell or otherwise distribute a layout or an integrated circuit (clause 17).

The rights in (i) and (ii) are infringed when a person exercises them without the owner's permission. An infringement of the rights in (iii) requires, in addition, actual or constructive knowledge. The remedies for infringement available to the EL rights owner include damages, account of profits and injunction.

The Bill provides in clauses 20-25 for certain exceptions to an owner's EL rights. These include copying a layout for private purposes and for the purposes of research or teaching, acts done for the defence or security of the Commonwealth, and reverse engineering. Further, unlike the Copyright Act 1968, the Bill allows so-called "parallel" importation of legitimate copies of layouts and integrated circuits.

The owner's EL rights are protected for 10 years after creation of the layout, or if the owner first commercially exploits the layout, until the end of 10 years thereafter.

The Bill protects only "eligible layouts" - i.e. layouts made by "eligible persons" or layouts first commercially exploited in Australia or in an "eligible foreign country". Eligible persons are Australians, Australian corporations, and persons and corporations from eligible countries - i.e. other countries, party to a convention relating to the protection of layouts to which Australia is also a party, or where the law otherwise adequately protects Australian layouts (clause 42).

FINANCIAL IMPACT STATEMENT

The Circuit Layouts Bill will have no direct impact on Commonwealth revenue or expenditure.

The impact on the integrated circuit industry, however, should be positive, encouraging investors and creators in this field.

TABLE OF NOTES ON CLAUSES

<u>Item</u>		<u>Paragraph</u>
PART I - PRELIMINARY		
Cl.1	Short title	1
Cl.2	Commencement	2
Cl.3	Extension to external Territories	3
Cl.4	Act binds the Crown	3
Cl.5	Interpretation	4
	"circuit layout"	5
	"commercially exploited"	8
	"eligible foreign country"	9
	"eligible layout"	10
	"eligible person"	11
	"EL rights"	12
	"exclusive licence"	13
	"exclusive right"	14
	"future EL rights"	15
	"integrated circuit"	16
	"material form"	17
	"prospective owner"	18
	"protection period"	19
Cl.6	Residence not affected by temporary absence	20
Cl.7	Application to circuit layouts made before commencement	21
Cl.8	Commercial exploitation	22
Cl.9	Exclusive right	23
Cl.10	Making an eligible layout	24
Cl.11	Originality	26
Cl.12	Licence of owner of EL rights	30
Cl.13	Substantial part of eligible layout	31
Cl.14	References to all joint makers	33
Cl.15	References to any one or more joint makers	34

Item _____ Paragraph

PART II - EL RIGHTS IN ELIGIBLE LAYOUTS
Division 1 - Ownership and nature of EL rights

Cl.16	Ownership of EL rights	35
Cl.17	Nature of EL rights	36
Cl.18	EL rights to subsist without regard to makers who are not eligible persons	40

Division 2 - Infringement of EL rights

Cl.19	Infringement	41
-------	--------------	----

Division 3 - Acts that are not infringements of EL rights

Cl.20	Innocent commercial exploitation	45
Cl.21	Copying for private use	47
Cl.22	Copying for research or teaching purposes	48
Cl.23	Evaluation or analysis	49
Cl.24	Commercial exploitation of eligible layouts previously exploited under licence	50
Cl.25	Use for purposes of defence or security	52

<u>Item</u>		<u>Paragraph</u>
	PART III - REMEDIES FOR INFRINGEMENTS OF EL RIGHTS	
	Division 1 - Preliminary	53
Cl.26	Application of Part to counterclaims	54
	Division 2 - Actions by owner of EL rights	
Cl.27	Actions for infringement	55
Cl.28	Limitation of actions	56
	Division 3 - Proceedings where EL rights subject to exclusive licence	
Cl.29	Application	57
Cl.30	Rights of exclusive licensee	58
Cl.31	Joinder of owner or exclusive licensee as a party	59
Cl.32	Defences available against exclusive licensee	61
Cl.33	Assessment of damages where exclusive licence granted	62
Cl.34	Apportionment of profits between owner and exclusive licensee	63
Cl.35	Separate actions in relation to the same infringement	64
Cl.36	Liability for costs	67
	Division 4 - Proof of facts in actions	
Cl.37	Presumptions as to subsistence and ownership of EL rights	68
Cl.38	Affidavit evidence	69
Cl.39	Evidentiary labels	70
	Division 5 - Jurisdiction and appeals	
Cl.40	Exercise of jurisdiction	71
Cl.41	Appeals	72

<u>Item</u>		<u>Paragraph</u>
PART IV - MISCELLANEOUS		
Cl.42	Eligible foreign countries	73
Cl.43	Limitation on power of courts to grant relief in proceedings under this Act	74
Cl.44	Prospective ownership of EL rights	75
Cl.45	Assignments and licences of EL rights	78
Cl.46	Groundless threats of legal proceedings	82
Cl.47	Jurisdiction of Federal Court of Australia	86
Cl.48	Regulations	87
Cl.49	Consequential amendments of other Acts	88

NOTES ON CLAUSES

PART I - PRELIMINARY

Clause 1 - Short title

1. This is the usual type of provision.

Clause 2 - Commencement

2. The substantive provisions of the Bill will commence on a date fixed by Proclamation to enable regulations to be made for the purpose of declaring countries under clause 42.

Clauses 3 and 4 - Extension to external Territories; Act Binds the Crown

3. These clauses are in general self-explanatory. Clause 25, referred to in clause 4, provides the Commonwealth with a statutory licence to exercise EL rights for reasons of defence or security, subject to equitable remuneration.

Clause 5 - Interpretation

4. This clause contains a number of definitions. Those which are self-explanatory are not covered below.

"circuit layout"

5. This is the subject-matter, if eligible, in which the Bill vests intellectual property.

6. The circuit layout is the plan in two-dimensional form (e.g. drawings on paper, or images projected on a computer work station screen) of a three-dimensional integrated circuit (the term "integrated circuit" is defined later in clause 5). The word "plan" is intended to indicate that the layout shows the relative position of the parts of an integrated circuit. The layout of an integrated circuit is not unlike an architectural plan for a building. The manufactured integrated circuit must be a reproduction of the layout precisely, in three dimensions.

7. A layout typically consists of a series of related images, each of which has the pattern of the surface of a form of the integrated circuit. This plan is to be distinguished from any idea or procedure - which can be represented symbolically in a "circuit diagram" - which the integrated circuit is intended to carry out.

"commercially exploited"

8. Commercial exploitation of a circuit layout is relevant to eligibility for protection (see the definition of "eligible layout") and the duration of the protection afforded by the Bill (see the definition of "protection period"), and is an exclusive right granted to the circuit layout owner (see clause 17(c)). The term is also relevant in particular to clauses 20, 21, 23, and 24. The full interpretive provision is clause 8.

"eligible foreign country"

9. This definition is relevant to the definition of "eligible layout" and the definition of "eligible person". The regulations may declare particular countries to be eligible foreign countries. Makers of original circuit layouts who are citizens, nationals, residents or bodies corporate of those

countries, and persons who first commercially exploit their original circuit layouts in those countries, will be able to obtain the same protection under the Bill as will Australian makers and exploiters. The countries which may be declared will be those which fall within paragraph (a) or (b) of clause 42. The regulation making power is in clause 48.

"eligible layout"

10. The Bill only protects original circuit layouts that are made by an eligible person or are first commercially exploited in Australia or an eligible foreign country. The term "eligible layout" is used in the Bill to refer to such circuit layouts.

"eligible person"

11. This definition is relevant to the determination of whether an original circuit layout is an "eligible layout" within the meaning of the Bill (see the definition above).

"EL rights"

12. These are the rights which are protected under the Bill. The initials, which stand for Eligible Layout, have been used to simplify the Bill.

"exclusive licence"

13. This term is central to Division 3 of Part III of the Bill. It is intended that an exclusive licence which is not in writing, signed by or on behalf of the owner or prospective owner of EL rights, not be an "exclusive licence" for the purposes of the Bill.

"exclusive right"

14. The exclusive rights listed in clause 17 of the Bill include the right to authorize another to exercise the rights referred to in clause 17 (see clause 9).

"future EL rights"

15. These are rights which are not yet in existence. They are assignable, may devolve as a result of death of an owner-to-be, and may be licensed (see clause 44).

"integrated circuit"

16. As a building is a precise reproduction, in three dimensions, of the architectural plan in accordance with which it is made, so an integrated circuit is a reproduction in three dimensions of the layout for it. In present technology an "integrated circuit" is typically a semiconductor device consisting of layers of material deposited or placed on, or removed from, a piece of semiconductor or resistant material. However, the term is not limited to semiconductor devices.

"material form"

17. This term is relevant to the determination of the time when an eligible layout is made (clause 10(b)). An eligible circuit layout is protected by the Bill from the moment when it is first fixed in a "material form". The definition of that term extends to computer and other invisible forms of storage, provided the layout can be "reproduced" from that storage. The term is also relevant to the exclusive right to copy (clause 17(a)). A similar definition is found in the Copyright Act 1968.

"prospective owner"

18. The term refers to the person who will be the owner of future EL rights when such rights come into existence (see clause 44).

"protection period"

19. It is intended that the maximum possible protection period be 20 years from the year of making an eligible layout. In practice it is expected most layouts will be commercially exploited shortly after being made. The period is much shorter than the one which applies to works under the Copyright Act, and reflects both the industrial utility of circuit layouts and the rapid advance of technology in the integrated circuit industry. It is intended to ensure that there are no "perpetual" rights.

Clause 6 - Residence not affected by temporary absence

20. This provision amplifies the meaning of "eligible person" in clause 5, which includes "residents".

Clause 7 - Application to circuit layouts made before commencement

21. The Bill applies to all circuit layouts, including those made before the commencement of the Bill. However it is intended that only the unauthorised exercise of exclusive rights after commencement of the Bill may give rise to an infringement action.

Clause 8 - Commercial exploitation

22. This is covered in the explanatory note to the definition of "commercial exploitation" above. It is to be noted that, under clause 8(1), commercial exploitation of a circuit layout extends to selling, hiring, commercially distributing and importing not only the layout but also a copy of it and an integrated circuit made according to it, whether or not the integrated circuit is inside, for example, a computer.

Clause 9 - Exclusive right

23. This clause is covered by the comments on the definition of "exclusive right".

Clause 10 - Making an eligible layout

24. The questions of by whom and when a circuit layout is "made" are relevant to determining whether a circuit layout is eligible for protection (see the definition of "eligible layout" in clause 5); who owns the rights in the layout (see clause 16) and when the rights commence (see the definition of "protection period" in clause 5).

25. The purpose of clause 10(a) is to make it clear that use of a computer to make a layout does not thereby deny the user the status of maker.

Clause 11 - Originality

26. The term "original" is intended to indicate that, at the least, for a layout to be protected, it must originate from the maker and not be a copy, and must result from an exercise of a degree of skill and labour on the part of the maker.

27. The purpose of paragraphs 11(a) and (b) is to ensure that the degree of skill and labour required is appropriate to layouts. Paragraph 11(a) is intended to indicate that there must be a degree of individual human creative effort by the maker. Mere expenditure of time and non-creative effort - for example, by doing no more than feeding into a computer the electrical characteristics the circuit is intended to possess - is not intended to be sufficient. Clause 11(b) takes account of the fact that layouts are plans for functional products in wide use. Accordingly, it is intended that a maker may prevent others from copying his or her layout only if there is something out of the common about the layout, in that its features - either individually or as they are arranged in the layout - are more than what is ordinarily or commonly used in many layouts. This test of originality is very similar to that applying to copyright protection of architectural plans.

28. However, the provision is not intended to require that a layout be "new" or "novel" to attract protection. It is quite possible for a layout to be other than commonplace yet not contain any features which are developments on known prior art.

29. Consistently with the copyright character of this Bill, paragraph (c) excludes from protection layouts which are the only way an integrated circuit can be arranged so as to carry out its intended function. The aim is to ensure that, by protecting a layout, the Bill does not protect the function of the integrated circuit made in accordance with the layout. In practice it seems that most functions to be carried out by an integrated circuit may be provided for by many different layouts.

Clause 12 - Licence of owner of EL rights

30. An act authorised by a licence binding the owner of EL rights is to be taken to be an act done with the licence of the owner.

Clause 13 - Substantial part of eligible layout

31. References in the Bill to doing an act in relation to a layout, to a copy of a layout and to an integrated circuit made in accordance with a layout are to be read as extending to a substantial part of the layout. Thus the Bill treats layouts which are substantially the same as if they were the same, even if there are minor differences between them. It is intended to prevent the law being evaded by, for example, a person copying a substantial part of a layout and then claiming that there had not been any infringement of the rights in the layout because not all the layout had been copied. Conversely it would also mean that doing an act in relation to an insubstantial part of a layout would not infringe rights in the layout.

32. The clause reflects the approach of the Copyright Act. As is the case under the Copyright Act 1968, it is intended that "substantiality" be determined having regard to the quality rather than the quantity of the layout taken.

Clause 14 - References to all joint makers

33. Clause 14 enables the Bill to apply equally to two or more persons who jointly make a layout. By virtue of clause 16, they will jointly own EL rights in the layout (unless either or both were employed by another to make the layout).

Clause 15 - References to any one or more joint maker

34. It is intended by clause 15 that a layout made by more than one person is an "eligible circuit layout" if any of the joint makers is an "eligible person" (i.e. Australian citizen, Australian protected person, etc.).

PART II - EL RIGHTS IN ELIGIBLE LAYOUTS

Division 1 - Ownership and nature of EL rights

Clause 16 - Ownership of EL rights

35. Generally, the first owner of the EL rights in a layout is the person who makes the layout (sub-clause (1)). However, subject to any agreement to the contrary (sub-clause (3)), a person who employs another to make a layout is taken to be the maker of the layout (sub-clause (2)). The purpose of sub-clause (4) is to ensure that the Bill does not effect an acquisition of property where the maker of an eligible layout under the first three sub-clauses is different from a person who owned a relevant registered design at the time of commencement of Part II (see clause 49 and the Schedule).

Clause 17 - Nature of EL rights

36. The purpose of this clause is to list the rights which are "EL rights". Clause 19 covers infringement of the rights.

37. It is intended by paragraph (a) to include copying an eligible layout by de-constructing an integrated circuit made in accordance with that layout. Independent creation of a substantially similar layout is not intended to fall within paragraph (a).

38. It is intended by paragraph (b) to include making integrated circuits in accordance with a copy of a layout made by de-constructing an integrated circuit.

39. The actions which constitute commercial exploitation are set out in clause 8.

Clause 18 - EL rights to subsist without regard to makers who are not eligible persons

40. It is intended that those of the makers of jointly made layouts who are not "eligible persons" do not have EL rights under the Bill, though the layout jointly made is an "eligible layout".

Division 2 - Infringement of EL rights

Clause 19 - Infringement

41. This clause is subject to clauses 20-25 which provide that certain actions do not constitute infringements of EL rights.

42. It is intended by sub-clauses (1) and (2) that a person infringes the EL rights of copying the layout or making an integrated circuit in accordance with the layout, by doing or authorising the doing of those things, without a licence, whether or not that person knew or ought reasonably to have known that he or she did not have the licence to do them or authorise them. Sub-clause (1) is subject in particular to clauses 21, 22 and 23. Sub-clause (2) is subject in particular to clause 23(c).

43. In contrast, it is intended by sub-clause (3) that a person infringes the EL rights in a layout by commercially exploiting the layout in Australia, or authorising such activity, without a licence, only if the person knew, or ought reasonably to have known, that he or she was not licensed to do so. Sub-clause (3) is subject in particular to clauses 20, 23(d) and 24.

44. Clause 39 may be relevant to establishing that a person has been notified of the subsistence of rights in relation to which he or she required a licence, in order to not infringe EL rights.

Division 3 - Acts that are not infringement of EL rights

Clause 20 - Innocent commercial exploitation

45. This clause is intended to protect from an action for infringement a person who commercially exploits a layout without knowing, actually or constructively, when he acquired it, copies of it or circuits made in accordance with it, that EL rights subsisted in that layout. However, once the person becomes aware, or ought reasonably to have become aware, of the subsistence of EL rights in the layout, the person must pay agreed equitable remuneration to the owner in relation to commercial exploitation carried out thereafter. If the person and the owner cannot agree on the amount of equitable remuneration, it can be decided by arbitration, by alternative dispute resolution procedures or by the Federal Court.

46. Clause 39 is relevant in determining whether a person has, or ought reasonably to have, become aware of the subsistence of EL rights in the layout.

Clause 21 - Copying for private use

47. EL rights in a layout are not infringed by a person who copies the layout for his or her private use (sub-clause (1)). This does not, however, protect a person who subsequently commercially exploits a layout or otherwise distributes it to the prejudice of the rights owner (sub-clause (2)).

Clause 22 - Copying for research or teaching purposes

48. EL rights are not infringed by copying for research or teaching purposes.

Clause 23 - Evaluation or analysis

49. This clause permits "reverse engineering" - that is, the evaluation and analysis of a layout carried out by de-constructing it or an integrated circuit based on it - and the creation of an original layout based on that evaluation and analysis. It also ensures that the later layout may be copied, incorporated in an integrated circuit or commercially exploited without infringing the rights in the former.

Clause 24 - Commercial exploitation of eligible layouts previously exploited under licence

50. This clause permits retailers, for example, to trade in copies of a layout or in integrated circuits based on it - including, for example, computers containing such circuits - once the rights owner has placed, or has licensed the placing of, those particular copies or circuits on the market.

51. The intended effect of sub-clause (2) is that sub-clause (1) is not defeated by the application of sections 37 and 38 of the Copyright Act 1968 to imported copies or adaptations of a work, made with the authority of the copyright owner and stored in the integrated circuit. An integrated circuit which is a memory device, for example, may hold a copyright work in it.

Clause 25 - Use for purposes of defence or security

52. The purpose of this clause is to ensure that uses of layouts for Commonwealth defence or security are not dependent upon the grant of a licence by, or binding on, an EL rights owner. There is provision in the usual form for compensation of rights owners. Anything done under clause 25(1) is not intended to affect the duration of protection of the original rights in the layout used.

PART III - REMEDIES FOR INFRINGEMENTS OF EL RIGHTS

Division 1 - Preliminary

Clauses 26-41

53. Part III of the Bill deals with remedies for infringements of EL rights. Clauses 27 and 28 deal with actions by the owners of EL rights while clauses 29-36 deal with proceedings involving an exclusive licensee. Clauses 37-39 deal with evidence in infringement actions and clauses 40 and 41 deal with the jurisdiction of courts. Consistent with the copyright style of protection afforded by the Bill, these provisions are very similar to provisions in the Copyright Act 1968.

Clause 26 - Application of Part to counterclaims

54. Part III applies to counterclaims of infringement in the same way that it applies to claims of infringement.

Division 2 - Actions by owner of EL rights

Clause 27 - Actions for infringement

55. The owner of EL rights may bring an action for the infringement of those rights (sub-clause (1)). A court may grant relief, including an injunction, damages or an account of profits (sub-clause (2)). Damages may not be awarded in actions under sub-clause 19(1) or 19(2) where infringement has been established but the defendant was not aware or did not suspect that an infringement had been committed, but the plaintiff is entitled to an account of profits (sub-clause (3)). Clause 39 concerning evidentiary labels may be relevant to establishing the defendant's actual awareness or grounds for reasonable suspicion. A court has a discretion, in cases such as a flagrant infringement or resulting in benefit to the defendant, to award additional damages (sub-clause (4)).

Clause 28 - Limitation of actions

56. A rights owner is barred from commencing an infringement action more than 6 years after the infringement.

Division 3 - Proceedings where EL rights subject to exclusive licence

Clause 29 - Application

57. Clauses 29-36 apply to infringement proceedings involving an exclusive licence in force at the time of the events to which the proceedings relate.

Clause 30 - Rights of exclusive licensee

58. The purpose of this clause is to provide an exclusive licensee of EL rights with the same standing to sue for infringement as the owner of those rights, but the licensee may not sue the owner.

Clause 31 - Joinder of owner or exclusive licensee as a party

59. The purpose of sub-clause (1) is to provide that, where the owner of EL rights has concurrent rights with an exclusive licensee in respect of an infringement for which one of them has brought an action, he or she may not continue the action (except with the leave of the court) without the other being joined as a party.

60. The purpose of sub-clause (2) is to enable the owner or licensee to seek an interlocutory injunction, despite sub-clause (1). This permits relief to be obtained in urgent situations (such as where, for instance, the infringement threatens imminent major damage) without the need to comply with the procedural technicality of sub-clause (1).

Clause 32 - Defences available against exclusive licensee

61. The purpose of this clause is to ensure that a person being sued by an exclusive licensee has the same defences as he or she would have had if the owner had brought the action.

Clause 33 - Assessment of damages where exclusive licence granted

62. Clause 33 requires a court to take certain matters into account in assessing damages in an infringement action where either the owner or the exclusive licensee is not a plaintiff.

Clause 34 - Apportionment of profits between owner and exclusive licensee

63. It is intended by this clause that, where an account of profits is awarded in an infringement action in respect of which the owner and the exclusive licensee have concurrent rights, the court is to apportion the profits between the owner and the licensee as it thinks just. This is, however, subject to any agreement as to apportionment between the owner and the licensee of which the court is aware.

Clause 35 - Separate actions in relation to the same infringement

64. The purpose of this clause is to protect a defendant against paying twice for one infringement - once to the owner and once to the exclusive licensee.

65. Clause 27(2) provides that damages and an account of profits are alternative remedies. Clause 35(a) provides that damages may not be ordered in favour of one of the owner or licensee, if an account of profits has already been ordered in favour of the other.

66. Clause 35 (b) provides that an account of profits may not be ordered in favour of one of the owner or licensee if an order for damages or an account of profits has already been made in favour of the other.

Clause 36 - Liability for costs

67. The purpose of this clause is to provide that where an owner or a licensee brings an infringement action, and the other of them has no interest in the matter and is joined as a defendant merely because of the procedural requirements of clause 31(1), that other is not liable for costs if he or she takes no part in the proceedings.

Division 4 - Proof of facts in actions

Clause 37 - Presumptions as to subsistence and ownership of EL rights

68. The purpose of this clause is to reduce the length and cost of proceedings by allowing for presumptions as to the subsistence and ownership of EL rights where a defendant does not put these matters in issue. The clause is based on similar provisions in the Copyright Act 1968.

Clause 38 - Affidavit evidence

69. This clause is also intended to simplify proceedings by allowing for affidavit evidence of certain matters, while at the same time allowing for the possibility of requiring attendance by the deponent for cross-examination. The clause is based on section 134A of the Copyright Act 1968.

Clause 39 - Evidentiary labels

70. The subsistence of EL rights under the Bill does not depend on the owner marking the circuit layout. However, where there is such a marking, either on the layout itself, an integrated circuit made in accordance with a layout or on an article containing such an integrated circuit, or on a package containing an integrated circuit the owner acquires an evidentiary advantage in an infringement action. It should be noted that the clause requires no particular form of words. Clause 16 is relevant to determining who is "the maker".

Division 5 - Jurisdiction and appeals

Clause 40 - Exercise of jurisdiction

71. The purpose of this clause is to provide that the jurisdiction of the Supreme Courts of the States and Territories is to be exercised by a single Judge. (The Federal Court also has jurisdiction - see clause 47).

Clause 41 - Appeals

72. Appeals from Supreme Courts lie to the Federal Court or, by special leave of the High Court, to the High Court.

PART IV - MISCELLANEOUS

Clause 42 - Eligible foreign countries

73. People other than Australian citizens, protected persons and residents may derive rights under the Bill if they are from an "eligible foreign country". People, including Australians, may also derive rights if they first commercially exploit a layout in such a country. If an international Convention on the protection of circuit layouts comes into

force, and Australia becomes a party to the Convention, all other states may be declared to be eligible foreign countries (paragraph (a)). Countries may also be prescribed by regulations to be eligible foreign countries where the Governor-General is satisfied that adequate protection is or will be available under the laws of those countries for circuit layouts made by Australians or first exploited in Australia (paragraph (b)).

Clause 43 - Limitation on power of courts to grant relief in proceedings under this Act

74. The purpose of this clause is to ensure the Bill does not add to the powers of a court of a State or Territory those of granting injunctive relief or an account of profits.

Clause 44 - Prospective ownership of EL rights

75. The purpose of sub-clause (1) is to enable parties to deal with EL rights in anticipation of their arising. The ability to do this is important in financing arrangements for integrated circuit research and development, for example.

76. Where a person who is entitled to future EL rights dies before they come into existence, the rights, once they come into existence, devolve to the person's heirs as if the person had owned the rights immediately before death (sub-clause (2)).

77. A licence granted in respect of future EL rights by the prospective rights owner binds every successor in title of the licensor (sub-clause (3)).

Clause 45 - Assignments and licences of EL rights

78. This clause recognises that EL rights are personal property, the ownership of which may be transferred from one person to another by assignment, by will and by operation of law (sub-clause (1)).

79. In assignments, EL rights are divisible in a number of ways: as to time, place and the class of act or acts permitted (sub-clause (2)). Thus, for example, a licence may be granted in respect of acts permitted to be done in Victoria for the period 1988-1990.

80. An assignment of EL rights will not have effect unless it is in writing and signed by or on behalf of the assignor (sub-clause (3)).

81. Unlike assignments, there is no general requirement that a licence of EL rights be in writing: this is only necessary if the licence is an exclusive licence (see clause 5). Under sub-clause (4), a licence granted in respect of EL rights by the rights owner binds every successor in title to the owner's rights.

Clause 46 - Groundless threats of legal proceedings

82. The purpose of this clause is to provide that a person who is threatened unjustifiably with legal proceedings for infringement may seek relief against the person making the threats, unless that person is a legal practitioner in respect of an act done by that practitioner in a professional capacity on behalf of a client (sub-clause (3)). It is intended to ensure that rights owners do not rely on threats of infringement proceedings to unfairly gain advantage in the market place by, for example, frightening away competitors. Such a provision is in keeping with similar provisions in other intellectual property legislation.

83. Sub-clause (2) provides that the mere notification of the existence of EL rights does not amount to an actionable threat of proceedings.

84. A defendant may escape liability if the court is satisfied that the acts in respect of which proceedings were threatened constituted or if done would constitute an infringement of the defendant's EL rights (sub-clause (1)). In other words, well grounded threats of legal proceedings are not actionable.

85. There is also provision for the defendant to apply by way of counterclaim for relief for an infringement (sub-clause (4)).

Clause 47 - Jurisdiction of Federal Court of Australia

86. Under this clause jurisdiction is conferred on the Federal Court in certain matters (see clauses 20 and 25 and Part III of the Bill).

Clause 48 - Regulations

87. This clause provides for the making of regulations under the Bill.

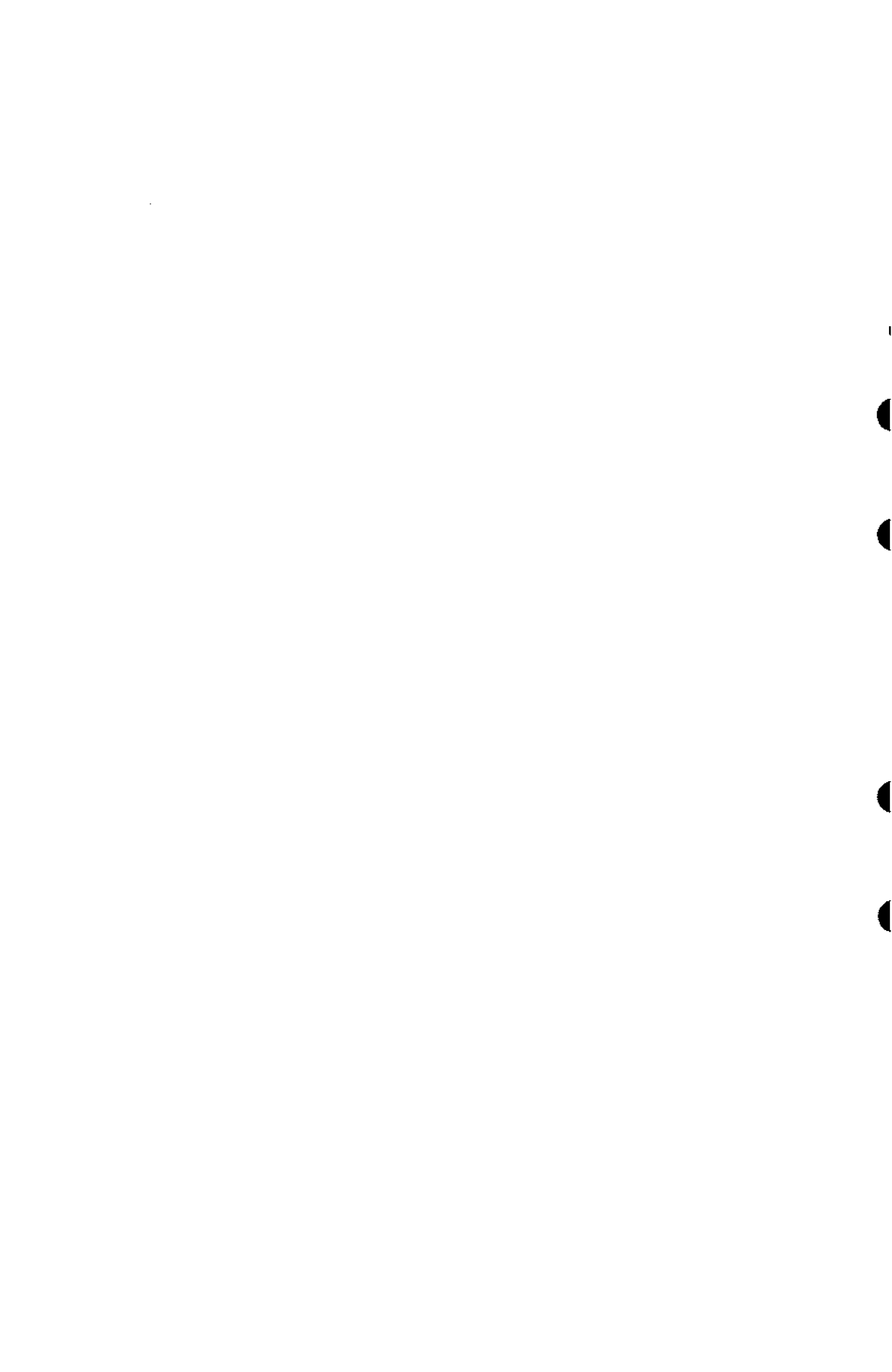
Clause 49 - Consequential amendments of other Acts

88. The Schedule to the Bill contains a number of amendments to other Acts which are consequential upon the enactment of the Bill. The purpose of the amendments to the Copyright Act 1968 and the Designs Act 1906 is to remove legal uncertainty resulting from interaction between either of those two Acts and the Bill, and to make it clear that original circuit layouts are protected only under the Bill.

89. The definition of "artistic work" in the Copyright Act 1968 is to be amended to exclude circuit layouts from the operation of that Act.

90. The definition of "article" in the Designs Act 1906 is to be amended to exclude integrated circuits (and masks used to make integrated circuits) from the operation of that Act. It is intended that any registrations already made under that Act of circuit layouts or masks not be renewed after the commencement of the Bill. This removal of a right to renew is unusual. It is included because this Bill provides sui generis protection in place of the rights removed, and because, following consultation with affected interests, there was no objection to removal of the right to renew.

91. The exception of intellectual property licences from the proscription on restrictive trade practices in the Trade Practices Act 1974, is to be extended to EL rights.



●

●

●

●

