

1992

THE PARLIAMENT OF THE COMMONWEALTH OF  
AUSTRALIA

SENATE

INDUSTRY, TECHNOLOGY AND COMMERCE  
LEGISLATION AMENDMENT BILL 1992

SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendments and New Clauses to be Moved on Behalf of  
the Government

(Circulated by authority of the  
Minister for Industry, Technology and Commerce,  
Senator the Hon. John N. Button)



AMENDMENTS OF THE INDUSTRY, TECHNOLOGY AND COMMERCE  
LEGISLATION AMENDMENT BILL 1992

## OUTLINE

These amendments give effect to measures recently announced by the Minister for Industry, Technology and Commerce and the Minister for Science and Technology to stiffen the penalties for falsely describing goods and for counterfeiting and forgery of trade marks. The amendments amend the *Commerce (Trade Descriptions) Act 1905* and the *Trade Marks Act 1955*.

### Amendments of the Commerce (Trade Descriptions) Act

The amendments of the Commerce (Trade Descriptions) Act substantially increase the penalties under the Act.

### Amendments of the Trade Marks Act

The amendments of the Trade Marks Act are based on the anti-counterfeiting/forgery recommendations of the report of the Working Party to Review the Trade Marks Legislation, *Recommended Changes to the Australian Trade Marks Legislation*, July 1992, (recommendations 53-56).

The amendments prescribe substantially stiffer penalties for forging registered trade marks and dealing in counterfeit goods.

They also incorporate the concept of implied knowledge on the part of the defendant to cover both actual knowledge and recklessness and provide for the characteristics of the defendant and the surrounding circumstances to be taken into account in proceedings under Part XIII of the Trade Marks Act. Other minor changes include limiting the offence of importing counterfeit goods to importation for commercial purposes and extending what is to be taken to be trade mark forgery.

Consequential changes include removing a defence that would be incompatible with the operation of the new provisions and ensuring that forfeiture will continue to be available as a penalty in privately prosecuted cases.

Recommendations 54B, 54C and 56 of the Report have not necessitated new or amended legislation as the *Crimes Act 1914* operates to the desired effect.

## FINANCIAL IMPACT STATEMENT

The amendments are expected to result in an increase in revenue receipts.

## NOTES ON CLAUSES

**AMENDMENT (1) — PART 2A - AMENDMENTS OF THE COMMERCE (TRADE DESCRIPTIONS) ACT 1905****Clause 4A — Principal Act**

1. Formal.

**Clause 4B — Notice of intention to import****Clause 4C — Importation of falsely marked goods****Clause 4D — Penalty for applying false trade description to exports**

2. Clauses 4B, 4C and 4D amend sections 6, 9 and 12 of the Act. The amendments will substantially increase the penalties for failing to give notice of an intention to export, for falsely describing imported goods or for applying false trade descriptions to goods intended for export.

**AMENDMENT (2) — PART 5 - AMENDMENTS OF THE TRADE MARKS ACT 1955****Clause 14 — Principal Act**

3. Formal.

**Clause 15 — Forgery etc. of trade marks**

4. Subclause 15(a) substitutes a penalty of two years' imprisonment for the existing penalty of \$5000 or imprisonment for two years (in the case of a natural person) or \$25,000 (in the case of a body corporate). The *Crimes Act 1914* will operate to the effect of setting pecuniary penalties of \$12,000 for a natural person and \$60,000 for a body corporate. In all cases, the penalties will be maximum penalties by virtue of the Crimes Act.

5. Subclause 15(b) omits subsection 98(2) which provides a defence that will not be compatible with the operation of amended section 106 (see clause 17).

**Clause 16**

6. This clause substitutes new sections 99 and 100 of the Act and repeals section 101 of the Act which provides for forfeiture to the Commonwealth of offending articles. Forfeiture of tainted property is provided for in Division 2 of Part 2 of the *Proceeds of Crimes Act 1987* and new section 107A (see clause 18).

**Selling etc. goods with false marks**

7. Subsections 99(2) and (3) will prescribe new penalties of a maximum of two years' imprisonment, or a fine of \$500 per item up to a maximum of \$50,000, or both. This will give the courts added flexibility to impose substantial penalties when

warranted. By virtue of section 4G of the *Crimes Act 1914*, an offence under section 99 will be indictable.

8. New subsection 99(4) will provide for both actual knowledge and implied knowledge (arising from "ought reasonably to have known") of the counterfeit nature of the goods being sold etc, to be taken into account in establishing a contravention of subsection (1). It will also provide for the characteristics of the defendant and the surrounding circumstances to be taken into account. The defence provided by subsection 99(2) will not be carried over as it will be incompatible with the operation of the new section.

9. The fact of entry in the Register of Trade Marks will continue to be available as evidence amongst all the evidence relevant to the question of whether or not the defendant knew or ought reasonably to have known that the trade mark was registered.

#### **Importing goods with false marks**

10. New section 100 will be limited to importation for commercial purposes. This will ensure that the seizure-at-barrier provisions of the Act (section 103) will apply uniformly to all alleged offending imports. It will also ensure that Australia's barrier control provisions, so far as they relate to imported counterfeit goods, will not be out of step with those of other OECD countries.

11. New penalties will be prescribed in subsections 100(2) and (3) of a maximum of two years' imprisonment, or a fine of \$500 per item up to a maximum of \$50,000, or both. This will give the courts added flexibility to impose substantial penalties when warranted. By virtue of section 4G of the *Crimes Act 1914*, an offence under section 100 will be indictable.

12. New subsection 100(4) will provide for both actual knowledge and implied knowledge (arising from "ought reasonably to have known") of the counterfeit nature of the imported goods to be taken into account in establishing a contravention of subsection (1). It will also provide for the characteristics of the defendant and the surrounding circumstances to be taken into account.

13. The fact of entry in the Register of Trade Marks will continue to be available as evidence amongst all the evidence relevant to the question of whether or not the defendant knew or ought reasonably to have known that the trade mark was registered.

#### **Clause 17 — What taken to be forgery of trade mark**

14. Clause 17(a) substitutes a new subsection 106(1). The new provisions will provide for knowledge of the registration of a trade mark to be taken into account in establishing a contravention of the subsection and will extend the deeming provisions to the unauthorised making of a registered trade mark which retains its essential characteristics despite additions or alterations which might transform the mark so that it can no longer be claimed to be identical or "substantially identical" with the mark as registered.

15. Clause 17(b) adds new subsection 106(3). The new provisions will provide for implied knowledge (arising from "ought reasonably to have known") of the registration of the trade mark and the characteristics of the defendant and the surrounding circumstances to be taken into account in establishing a contravention of subsection (1).

16. The fact of entry in the Register of Trade Marks will continue to be available as evidence amongst all the evidence relevant to the question of whether or not the defendant knew or ought reasonably to have known that the trade mark was registered.

**Clause 18 — Forfeiture orders under the *Proceeds of Crime Act 1987***

17. This clause inserts a new section 107A. Consequential on the repeal of section 101 (see clause 16), the forfeiture provisions of the *Proceeds of Crime Act 1987* will be relied upon for prosecutions by the Director of Public Prosecutions. New section 107A will modify the application of the *Proceeds of Crimes Act* to ensure that the same forfeiture provisions will be able to be relied upon in cases that are privately prosecuted. Section 13 of the *Crimes Act 1914* provides for private prosecutions under Part XIII of the *Trade Marks Act*.

**Clause 19 — Subsections 99(1) and 100(1) may be dealt with summarily in certain circumstances**

18. This clause substitutes a new section 118A. The provisions will prescribe the lesser penalties of up to 12 months' imprisonment, or a fine of \$500 per item up to a maximum of \$10,000, or both, for contraventions of subsections 99(1) or 100(1) which are dealt with summarily. These provisions will be required notwithstanding the provisions of section 4J of the *Crimes Act 1914*, which provide for certain indictable offences to be dealt with summarily, because the provisions of subsection 4J(3) of the *Crimes Act* do not prescribe pecuniary penalties on a per item basis.



