

1989

THE PARLIAMENT OF THE COMMONWEALTH  
OF AUSTRALIA

HOUSE OF REPRESENTATIVES

INDUSTRY, TECHNOLOGY AND COMMERCE LEGISLATION  
AMENDMENT BILL (NO.2) 1989

EXPLANATORY MEMORANDUM

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



INDUSTRY, TECHNOLOGY AND COMMERCE  
LEGISLATION AMENDMENT BILL (NO.2) 1989

OUTLINE

The Industry, Technology and Commerce Legislation Amendment Bill (No.2) 1989 is divided into 6 Parts. Part 1 contains the preliminary provisions relating to the commencement of the different parts of the Bill; Part 2 relates to activities of the Australian Industry Development Corporation; Part 3 expands the coverage of the Bounty (Ships) Act 1989; Part 4 has amendments of an administrative nature to the Designs Act 1906, as well as updating the penalties for offences under this Act; Part 5 has an amendment to the Patents Act 1952; Part 6 has consequential amendments to the Patents, Trade Marks, Designs and Copyright Act 1939 and Part 7 contains amendments of an administrative nature to the Trade Marks Act 1955.

Part 2 of the Bill removes from the Australian Industry Development Corporation the Commonwealth guarantee of the due payment of all moneys payable by AIDC. The power of delegation has been extended to cover the "receiving subsidiary" staff and the income tax exemption has been extended to guarantee that the re-organisation of the AIDC's business is tax neutral.

FINANCIAL IMPACT STATEMENT

No financial impact is expected to arise from these amendments.

NOTES ON CLAUSES

PART 1 - PRELIMINARY

Clause 1      Short Title

1. Provides that the title of the legislation is the "Industry, Technology and Commerce Legislation Amendment Act (No.2) 1989".

Clause 2      Commencement

2. Subclause (1) provides that the short title and commencement sections commence on the day the Act receives the Royal Assent.

3. Subclause (2) provides that clauses 3, 4, 5, 6, 7, 8, 9 and 10, and Part 3, are taken to have commenced on 1 July 1989, the day of the Australian Industry Development Corporation's re-organisation and the commencement of operation of the Bounty (Ships) Act 1989.

4. Subclause (3) provides that subclause 15(1), clauses 18, 41 and 42, and Part 6, commence on the same day as the Patents Act 1989, which is a day to be proclaimed.

5. Subclause (4) provides that Part 5 commences, or is to be taken to have commenced, as the case requires, immediately after the commencement of the Patents Amendment Act 1989.

6. Subclause 5 provides that clauses 21, 22, 27 and 29 commence on a day or days to be fixed by Proclamation subject to the operation of subclause (6).

7. Subclause 6 provides that the provisions in subclause (5) will commence automatically on the next day after six months from the Royal Assent if these provisions have not been proclaimed.

8. Subclause (7) provides that the remaining provisions of the Act will commence 28 days after the Royal Assent to this Act.

PART 2 - AMENDMENTS OF THE AUSTRALIAN INDUSTRY  
DEVELOPMENT CORPORATION ACT 1970

Clause 3      Principal Act

9. Clause 3 defines "Principal Act", for this Part, as the Australian Industry Development Corporation Act 1970.

Clause 4      Delegation by the Corporation

10. Clause 4 widens the delegation power of the

Australian Industry Development Corporation (the Corporation) to enable it to delegate its powers to both its employees and employees of its receiving subsidiary.

Clause 5      Delegation by the Chief Executive

11. Clause 5 widens the delegation power of the Corporation's Chief Executive to enable the holder of that position to delegate the powers pertaining to the position to both employees of the Corporation and employees of the Corporation's receiving subsidiary.

Clause 6      Interpretation

12. Clause 6 defines "special non-transferring asset", a term that will be inserted into section 29A. The non-transferring assets referred to include interest rate exchange agreements and currency exchange agreements.

Clause 7      Corporation to pay amounts received under special non-transferring assets to receiving subsidiary

13. This clause introduces a new provision - new section 29LA, which is a mirror provision to section 29L which provides that the receiving subsidiary shall, inter alia, reimburse the Corporation for any amount paid by the Corporation under a non-transferred liability (other than a non-reimbursable liability).

14. Conversely, proposed section 29LA provides that the Corporation will have the obligation to pay, to the receiving subsidiary, moneys that the Corporation receives under any special non-transferring assets as defined in clause 6. Whilst, for credit reasons, the Corporation will remain the principal borrower for the AIDC Group and will thus continue to remain the party to particular financial transactions with third parties which will give rise to non-transferring assets, it will be necessary for the Corporation to pay to the receiving subsidiary all amounts received by the Corporation on or after the re-organisation day in respect of special non-transferring assets as such assets were transferred to the receiving subsidiary for tax purposes on the re-organisation day. This is necessary because the receiving subsidiary is responsible, pursuant to section 29L, to satisfy the Corporation's obligation under those transactions to pay moneys.

Clause 8      Application of Income Tax Assessment Act to certain assets and liabilities

15. The proposed amendment adds paragraph (d) to section 29Z so that the category of "special non-transferring assets" is brought within it.

16. Proposed subsection 29Z(4) emphasises the pre-eminence of section 29Z in respect of the taxation effects and consequences of Part IVA of the Act. In particular, subsection 29Z(2) provides that the transfer of the assets and liabilities specified in subsection 29Z(1) should be, for income tax purposes, revenue neutral in the financial year in which the re-organisation occurs.

Clause 9

Payments in relation to certain non-transferring assets and liabilities

17. The proposed amendment to section 29ZB will ensure that the receiving subsidiary will be allowed a deduction in respect of payments made or required to be made to the Corporation pursuant to section 29L. Under section 29L, the receiving subsidiary is required to reimburse or indemnify the Corporation to ensure that the Corporation satisfies its liabilities to third parties, eg lenders.

18. The need to amend subsection 29ZB(1) is to confirm the deductibility of accruing amounts liable to be paid by the receiving subsidiary to the Corporation notwithstanding that the receiving subsidiary is not a party to the relevant agreement, eg accruing interest from day to day under a loan agreement between the Corporation and a third-party lender.

19. The indemnity agreement entered into between the Corporation and the receiving subsidiary as contemplated by section 29L does not provide for the on-lending of moneys to the receiving subsidiary but only for the latter to put the Corporation in funds so as to ensure that the Corporation is maintained whole and is able to discharge its financial obligations to persons outside the AIDC Group.

20. The amendments will ensure that the receiving subsidiary is entitled not only to a tax deduction in respect of all payments made or required to be made in accordance with the indemnity agreement but is also allowed a deduction at the same time as a deduction would have been allowable to the Corporation, eg on an accruals basis, in respect of the Corporation's obligation to pay interest.

21. The proposed amendments to subsections 29ZB(1) and (3) ensure that the receiving subsidiary is placed in the same position as the Corporation is respect of the deductibility of losses and outgoings incurred by it pursuant to section 29LA consistent with the treatment in respect of section 29L.

Clause 10     Treatment for capital gains tax purposes of shares issued to Corporation by receiving subsidiary

22. Proposed subsection 292D(6) confirms that the definition of transferred asset for the purposes of section 292D shall include a "special non-transferring asset".

Clause 11     Guarantee by Commonwealth

23. This clause removes the Commonwealth guarantee of moneys payable by the Corporation on agreements or arrangements entered into by the Corporation on or after 1 July 1994.

PART 3 - AMENDMENT OF THE BOUNTY (SHIPS) ACT 1989

Clause 12     Principal Act

24. This clause defines "Principal Act", for this Part, as the Bounty (Ships) Act 1989.

Clause 13     Interpretation

25. This clause increases the tonnage that a "bountiable vessel" may have to be eligible for payment of bounty under the Act from 10,000 to 20,000 gross construction tons.

PART 4 - AMENDMENTS OF THE DESIGNS ACT 1906

Clause 14     Principal Act

26. This clause defines "Principal Act", for this Part, as the Designs Act 1906 (the Act).

Clause 15     Interpretation

27. This clause amends the definition of "Deputy Registrar" consequential on the changes made by clause 18, and substitutes a new definition of "Australia" in subsection 4(1). The clause also inserts in section 4, definitions of "Australian continental shelf", "Continental Shelf Convention", "Designs Office", "infringement proceedings", "State" and "Territory".

Clause 16     Crown to be bound

28. This clause amends section 5A to make it clear that the Act binds the Crown in right of the Australian Capital Territory and adds new subsection 5A(2) which provides that nothing in the Designs Act makes the Crown liable to be prosecuted for an offence.

Clause 17     Application of Act

29. This clause substitutes new section 5B to extend the Act to each external Territory, the Australian continental shelf and waters above it, and to the airspace above Australia, each external Territory and the Australian continental shelf.

Clause 18     Registrar and other officers

30. Subclause 18(1) amends section 8 to establish the office(s) of one or more Deputy Registrar(s) of Designs. A Deputy Registrar has all the powers and functions of the Registrar except the power of delegation under section 8A.

31. Subclause 18(2) provides that the person holding office as the Deputy Registrar of Designs immediately before the commencement of clause 18 continues to hold office as a Deputy Registrar of Designs on and after the commencement of the new provisions.

Clause 19     False representations about the Designs Office

32. This clause inserts new section 11, which prohibits a person, in connection with his or her business, from using words that would reasonably lead to the belief that his or her office is, or is officially connected with, the Designs Office.

Clause 20     Withdrawal of application

33. This clause inserts new section 20A to enable the withdrawal, by the applicant, of an application for the registration of a design.

Clause 21     Persons claiming under assignment etc

34. This clause inserts new section 20B, which applies where a person becomes entitled to a pending application for registration of a design or to a part interest in such an application. In such a case, the Registrar may, on request, direct that the application proceed in the name of that person, or in the names of that person and the original applicant or applicants.

Clause 22     Extensions of time

35. This clause replaces sections 27B and 27C of the Act (which deal with restoration of ceased registrations) with new section 27B which provides a general mechanism for extending the time for doing acts under the Designs Act. The new provisions enable remedying a default in meeting time limits where there has been an error or omission by, or circumstances beyond the control of, the person concerned.

36. New subsection 27B(1) requires an extension of time where a relevant act is not, or cannot be, done because of an error or omission by the Registrar, a Deputy Registrar, or a person employed in the Designs Office. New subsection 27B(2) enables the granting of an extension of time where there has been an error or omission by the person concerned or by his or her agent, or circumstances beyond the control of the person concerned. New subsection 27B(3) makes it clear that the time may be extended whether before or after the time has



expired. New subsection 27B(4) provides for advertisement of an application for an extension of time for more than 3 months.

37. New subsection 27B(5) provides that a person may, as prescribed, oppose the granting of an application for an extension of time. New subsection 27B(6) provides for restoration of lapsed applications or ceased design registrations where an extension of time is granted.

38. New subsection 27B(7) provides that the prescribed provisions have effect for the protection or compensation of persons who availed themselves of a design in the period between the lapsing of a design application or the ceasing of a design registration, and its restoration.

39. New subsection 27B(8) provides that infringement proceedings cannot be brought in respect of an infringement committed between the day on which the registration of a design ceases to be in force and the day on which it is restored.

40. New subsection 27B(9) provides that, where the registration of a design which was an original design, within the meaning of section 25D, in relation to another design, is restored, the registration of the other design is restored and the original design registration again becomes the original design in relation to the other design.

41. New subsection 27B(10) provides that a broad range of actions are open to extensions of time, and expressly ensures that the new provisions apply to the time limit for making a Convention application.

Clause 23     Division 1 - Infringement

42. As a consequence of the changes made by clause 24, Part V of the Designs Act is divided into two divisions. Clause 23 provides a heading for Division 1.

Clause 24     Division 2 - Unjustified threats of infringement proceedings

43. This clause inserts a new Division 2 into Part V of the Act. Division 2 contains new section 32C to 32G.

New  
Section 32C     Application for relief from unjustified threats

44. New section 32C provides that where a person, by means of circulars, advertisements or otherwise, threatens a person with infringement proceedings, or other similar proceedings, a person aggrieved may apply to a prescribed court for:

- a declaration that the threats are unjustifiable; and
- an injunction against the continuance of the threats; and
- the recovery of any damages sustained by the applicant as a result of the threats.

The new section has effect whether or not the person who made the threats is entitled to, or interested in, the design.

New

Section 32D Court's power to grant relief

45. New section 32D provides that the court may grant an applicant under section 32C the relief applied for unless the respondent satisfies the court that the relevant design is registered and the acts about which the threats were made infringed, or would infringe, the monopoly in the design.

New

Section 32E Counter-claim for infringement

46. New section 32E provides that the respondent in proceedings under new section 32C may apply, by way of counter-claim, for relief to which the respondent would be entitled in separate proceedings for an infringement by the applicant of the monopoly in the registered design to which the threats relate.

47. Where the respondent applies by way of counter-claim for relief for such an infringement, the applicant may, without making a separate application under section 39 (which relates to rectification of the register), apply for the rectification of the register by expunging from the register the entry of the registration of the design.

New

Section 32F Notification of registration not a threat

48. New section 32F provides that the mere notification of the existence of a registered design does not constitute a threat of proceedings for the purpose of new section 32C.

New

Section 32G Liability of legal practitioner or patent attorney

49. New section 32G provides that a legal practitioner or a patent attorney is not liable to proceedings under new section 32C in respect of an act done in his or her professional capacity on behalf of a client.

Clause 25      Register of designs

50. This clause amends section 33 (which relates to the Register of Designs) to permit the register to be kept wholly or partly by use of a computer. The effect of the provisions is to allow for register entries to be made in either documentary form or in non-documentary form, or in a combination thereof.

Clause 26      Inspection of register

51. This clause adds new subsection (2) to section 35 (which requires the register to be open to the inspection of the public at all prescribed times, on payment of the prescribed fee). The new subsection provides that, where the record of particulars is kept by use of a computer and to the extent that the register consists of those particulars, subsection 35(1) is to be taken to be complied with by giving members of the public access to a computer terminal which they can use to inspect particulars, either on a screen or in the form of a computer printout.

Clause 27      Registration of assignments etc

52. This clause amends section 38 (which deals with registration of assignments, transmissions etc) to make it clear that a design registration may be transferred to a person who becomes entitled to a registered design under an agreement.

Clause 28      Interpretation

53. This clause repeals subsection 40(1) and (3) of the Act consequential on the definition of "State" made by clause 15.

Clause 29      Review by Administrative Appeals Tribunal

54. This clause substitutes new section 40K which establishes a right to apply for review by the Administrative Appeals Tribunal of a decision of the Registrar under existing section 25B or new sections 20B or 27B.

Clause 30      Regulations

55. This clause amends section 41 (which deals with regulation making powers) so as to enable the Governor-General to make regulations relating to:

- refunds and remissions of, and exemptions from, fees (new paragraphs 41(2)(b) and (c)); and
- lapsing of an application for registration of a design in certain circumstances (new paragraphs 41(2)(d), (e) and (f)).

Clause 31     Fees

56. This clause amends section 42 to make it clear that such fees as are prescribed in respect of the doing of an act by a person other than the Registrar are payable to the Registrar, and substitutes new subsections 42(3) and (4) which set out the consequences which flow when fees are not paid as required.

Clause 32     Conduct by directors, servants and agents

57. This clause repeals existing section 45A (which deals with certain offences being indictable) as it effectively bars the operation of section 4J of the Crimes Act 1914 (which deals with the summary trial of indictable offences).

58. New section 45A, which contains the standard provisions facilitating the prosecutions of corporations, is substituted in the Act. New subsection 45A(1) provides that, in order to establish the state of mind of a body corporate in respect of conduct it engaged in, it is sufficient to establish the state of mind of a director, servant or agent of a body corporate who engaged in the conduct in the performance of his actual or apparent duties.

59. New subsection 45A(2) provides that a body corporate shall be deemed to have engaged in conduct where a director, servant or agent of the body corporate engaged in the conduct. New subsections 54A(3) and (4) make similar provision in relation to establishing the state of mind of persons, other than bodies corporate, where the conduct was engaged in by their servants or agents.

60. New subsection 45A(5) provides that a person convicted of an offence as a result of the prosecution's reliance on subsections (3) and (4) may not be sentenced to a term of imprisonment for that offence.

61. New subsection 45A(6) inclusively defines the expression "state of mind of the person" and new subsection 45A(7) provides an inclusive definition of a "director of a body corporate". New subsection 45A(8) declares that engaging in conduct includes a refusal or failure to engage in conduct.

62. New subsection 45A(9) provides that a reference in new section 45A to an offence against the Act includes a reference to an offence created by sections 6, 7 or 7A, or subsection 86(1), of the Crimes Act 1914, being an offence that relates to the Designs Act.

Clause 33      Convention countries

63. This clause amends subsections 48(3) and (4) to make it clear that the applications referred to in those subsections are not confined to those made under the Designs Act or in Australia.

Clause 34      Further amendments

64. This clause provides that the Act is further amended as set out in the Schedule.

PART 5 - AMENDMENT OF THE PATENTS ACT 1951

Clause 35      Principal Act

65. This clause defines "Principal Act", for this Part, as the Patents Act 1952.

Clause 36      Appeals

66. This clause corrects a drafting error in section 96B of the Act inserted by the Patents Amendment Act 1989.

PART 6 - AMENDMENTS OF THE PATENTS, TRADE MARKS, DESIGNS  
AND COPYRIGHT ACT 1939

Clause 37      Principal Act

67. This clause defines "Principal Act", for this Part, as the Patents, Trade Marks, Designs and Copyright Act 1939.

Clause 38      Interpretation

Clause 39      Delegation

68. These clauses amend sections 3 and 14, respectively, consequential on the changes made by clause 42.

PART 7 - AMENDMENTS OF THE TRADE MARKS ACT 1955

Clause 40      Principal Act

69. This clause defines "Principal Act", for this Part, as the Trade Marks Act 1955.

Clause 41      Interpretation

70. This clause amends the definition of Deputy Registrar in section 6 which is consequential on the changes made by clause 42.

Clause 42      Registrar and other officers

71. Subclause 42(1) amends section 10 to establish the office(s) of one or more Deputy Registrar(s) of Trade Marks. A Deputy Registrar has all the powers and functions of the Registrar except the power of delegation under section 11.

72. Subclause 42(2) provides that the person holding office as the Deputy Registrar of Trade Marks immediately before the commencement of clause 42 continues to hold office as a Deputy Registrar of Trade Marks on and after the commencement of the new provisions.

Clause 43      Register may be kept wholly or partly by computer

73. This clause inserts a new section 14A to permit the Register to be kept wholly or partly by use of a computer. The effect of the provisions is to allow for Register entries to be made in either documentary form or in non-documentary form, or in a combination thereof.

Clause 44      Inspection of Register

74. This clause adds new subsection (2) to section 16 (which requires the Register to be open to the inspection of the public at all convenient times). The new subsection provides that, where the record of particulars is kept by use of a computer and to the extent that the Register consists of those particulars, subsection 16(1) is to be taken to be complied with by giving members of the public access to a computer terminal which they can use to inspect particulars, either on a screen or in the form of a computer printout.

Clause 45      Register and certified copies to be evidence

75. This clause inserts new subsection 17(1A) to the effect that if the Register is wholly or partly kept by use of a computer, a document signed by the Registrar and reproducing in writing all or any of the particulars comprising the Register, or that part of it, is admissible in any proceedings as *prima facie* evidence of those particulars so reproduced.

Clause 46      Withdrawal of application

76. This clause inserts new section 40A to enable the withdrawal, by the applicant, of an application for the registration of a trade mark.

Clause 47      Convention countries

77. This clause amends subsection 108(3) to make it clear that the applications referred to in that subsection are not confined to those made under the Trade Marks Act or in Australia.

Clause 48      Fees

78. This clause substitutes new subsection 129(2) to the effect that where a fee is payable in respect of the doing of an act by the Registrar,

the Registrar must not do the act until the fee has been paid. New subsections 129(3) and (4) are also substituted and set out the consequences which flow when fees are not paid as required.

Claus 49

Regulations

79. This clause amends section 147 (which deals with regulation making powers) to enable the Governor-General to make regulations relating to refunds and remissions of, and exemptions from, fees (new paragraphs 147(c) and (d)).

SCHEDULE

80. The Schedule sets out the further amendments of the Designs Act made by clause 34. The amendments revise the penalties in the Designs Act to reflect current criminal law policy as exemplified in the Crimes Act 1914.

