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# DOING BUSINESS IN AUSTRALIA

INTELLECTUAL PROPERTY





## Chapter 21

# Intellectual Property

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The recent boom in data and digital technology developments, as well as innovations in various other industries, highlight the need for businesses to consider whether their inventions, creative exploits and brands should be protected by intellectual property (**IP**) rights. A robust portfolio of IP rights gives businesses a competitive advantage over others in their field. Australia is a strategic centre in the Asia-Pacific region where businesses should consider building an IP portfolio.

In Australia, IP rights are protected by federal legislation and common law. Registered IP rights (patents, trade marks, designs and plant breeder's rights) and the legislation relating to them are administered by IP Australia, an Australian Government agency. IP Australia facilitates a world-leading IP system that is designed to encourage innovation and protect businesses that develop original IP. Australia is also a signatory to a number of international agreements that facilitate obtaining IP protection in a number of countries.

This chapter is designed to outline the various forms of IP protection that businesses may pursue in Australia.

## Patents, trade marks, copyright and designs

### Patents

An Australian patent gives the owner a legal right to prevent third parties from exploiting the patented invention in Australia. To obtain patent protection for an invention, a patent application must be filed in Australia. The *Patents Act 1990* (Cth) provides for the filing, granting and enforcing of patent rights. Australia has two kinds of patents: standard patents and innovation patents.

Standard patents have a life of 20 years from the date of application and are generally used to protect high-level inventions. Innovation patents, which have a lower threshold for validity, have a life of up to 8 years and are used to protect lower-level innovations.

IP Australia regulates the grant of patents in Australia, including carrying out pre-grant examinations and adjudicating in pre-grant oppositions for standard patents. Innovation patents are granted after a formalities check only, and will only be examined and certified upon request. Enforcement of an innovation patent can only take place after certification.

## Trade marks

Trade marks can be used by the owner as a marketing tool and enable brand protection, particularly if registered. The owner of a trade mark which is used or proposed to be used in Australia may apply to IP Australia to register the trade mark under the *Trade Marks Act 1995* (Cth). Registration is available for trade marks in respect of goods and/or services. The application is made in one or more classes, and the owner of the trade mark must specify the goods and/or services to be covered. To qualify for registration, a trade mark must be capable of distinguishing the applicant's goods and/or services from those of other persons. An Australian trade mark is registered for an initial 10-year period and is renewable for additional 10 year periods thereafter.

Although registration of a trade mark is not compulsory, an unregistered trade mark is difficult to protect unless a substantial reputation has been built up in the mark. Advantages in obtaining registration include the fact that registration provides the proprietor with a statutory right to take action against unauthorised users or infringers of the trade mark without the need to prove reputation.

Australia is a party to the Madrid Protocol relating to international registration of trade marks. Australian trade mark applicants can therefore file a single international application in a number of countries around the world based on their Australian application.

While not an IP right as such, businesses trading in Australia should consider registering domain names ending in '.au' that relate to their trade marks and business names. Businesses should also ensure that key trade marks and business names are registered as business names in Australia. These registrations will ensure continued brand protection.

## Copyright and moral rights

Australian copyright law encourages businesses to develop new material by offering protection to original, creative works. Under the *Copyright Act 1968* (Cth), original artistic, literary, dramatic, musical and other works attract automatic copyright protection (provided certain qualifying criteria are satisfied). In Australia, there is no requirement (or ability) to register copyright with IP Australia. The range of materials protected by copyright is diverse and includes computer programs, graphs, videos, broadcasts, training manuals, price lists and product brochures.

The *Copyright Act 1968* (Cth) also gives the authors of most copyright works certain 'moral rights' in relation to their work. Moral rights include the right to be identified as the creator of a work, to not have authorship falsely attributed and to prevent derogatory treatment of a work.

## Registered designs

Industrial designs may be protected against copying under the *Designs Act 2003* (Cth), which provides protection for the overall appearance of a product, including its shape, configuration, pattern and ornamentation, provided the design is new and distinctive (based on designs previously used in Australia or published in the world). Protection lasts 10 years, provided renewal fees are paid.

IP Australia will conduct a formalities check on a new design application prior to registration. Enforcement may occur only after the issue of a certificate of examination, upon request.

## Other intellectual property rights

The *Plant Breeder's Rights Act 1994* (Cth) protects new plant varieties for up to 25 years for trees and vines, and 20 years for other plant types. It does not exclude the possibility of patent protection.

The *Circuit Layouts Act 1989* (Cth) provides copyright-type protection for the original layout of an integrated circuits. Protection is automatic and lasts for 10 years from first commercial exploitation, if this occurs within 10 years from creation.

## Confidentiality and trade secrets

Confidential information or trade secrets, such as a secret technology or process, may also be commercially valuable.

Secrecy as a form of protection may be chosen because, for example, the technology is not patentable or maintaining. Secrecy could potentially extend protection beyond the life of a patent.

Protection is via strategies for keeping the information secret, supplemented by contractual and equitable obligations of confidence.

## Appeals from IP Australia

Some decisions of IP Australia in relation to the registration of IP rights, for example final

decisions in opposition proceedings, can be appealed to the Federal Court of Australia.

## **Commercial dealings with IP rights**

Australian IP rights can be assigned and licensed. Exclusive, sole and non-exclusive licences are available. Specialist advice should be taken before entering into an IP licence, because not all of these licence types enable the licensee to take enforcement action if the IP rights are infringed by a third party.

IP rights are often disclosed in the context of a due diligence exercise in relation to an acquisition or in negotiations with potential commercial partners. Care must be taken before disclosing valuable IP to others. Without a non-disclosure or confidentiality agreement in place, the ability to obtain certain valid IP rights like patents and designs may be lost by disclosing unprotected inventions and designs to others. Ideally, applications to register IP rights should be made to IP Australia before they are disclosed to third parties.

The launch of products and services in Australia carries with it the risk of infringing the Australian IP rights of third parties. It is recommended to conduct 'clearance' or 'freedom to operate' searches at an early stage in launch plans, as pre-existing local Australian IP rights may stand in the way of using your preferred brand, design or exploiting your invention.

In order to deal commercially with Australian IP (and to enforce IP), it is important to know who owns the IP. IP can be owned by individual persons and by companies. Sometimes IP rights are owned outright, sometimes there are multiple co-owners. It is sometimes complex to work out who owns a particular IP right and requires consideration of issues such as whether the IP right was generated in the course of employment or whether a third party consultant was involved. A factual enquiry as to IP ownership can sometimes lead to unexpected outcomes.

Joint ventures, pursuant to which IP rights will be generated, require particularly careful drafting to account for the ownership of IP that is jointly created. Co-owners of IP can have different rights and limitations on their respective ability to use and exploit the IP, depending on the type of IP.

## **Enforcement of IP rights in Australia**

IP rights are usually enforced by litigation in the Federal Court of Australia.

Subject to meeting certain threshold requirements, interlocutory (urgent) injunctions are available to restrain infringing conduct. Once you become aware of an actual or threatened infringement of your IP rights in Australia it is very important not to delay taking legal advice

because interlocutory injunctions are not available where there has been undue delay.

Remedies for infringement of IP rights are:

- damages or an account of the profits made by the infringer (you cannot get both);
- injunctions;
- declarations of infringement; and/or
- orders that infringing goods be delivered up for destruction.

In litigation proceedings written pleading documents set out the scope of the infringement claim and any defence to it. It is common for infringement proceedings to be defended with a written cross-claim seeking to invalidate the IP right. The infringement claim, defence and any cross-claim for invalidity are typically heard together at trial.

The proceeding is case-managed and heard by a single judge (with no jury).

The trial will usually involve the witnesses who have given an affidavit appearing to give oral evidence and be cross-examined. At the end of a trial, the judge will typically reserve judgment and deliver a written decision at a later date after careful consideration of the evidence and submissions presented at trial.

After judgment, the parties have a short period of time (usually less than one month) to decide whether to appeal the decision to the Full Federal Court.

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