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# SALE OF GOODS

The United Nations Convention on Contracts for the International Sale of Goods ('**CISG**') is the international legal framework (like legislation) which governs international contracts for the SOG, on issues such as formation, interpretation, breach and enforcement of contracts.

1. **Go straight to the CISG** (NB: be aware of any variations made by the contract to standard CISG provisions)
  - a. *[CISG is good law in NSW (s 5, Sale of Goods (Vienna Convention) Act 1986) and prevails to the extent of any inconsistency (s 6 SOGVCA).]*
  - b. NB: the SOGVCA should be interpreted w regard "to its international character and to the need to promote uniformity in its application and the observance of good faith in international trade" (Art 7(1) CISG)
    - i. This means we should have regard to the decisions of other jurisdictions when interpreting the CISG.
    - ii. But, domestic courts are more comfortable with adopting CL & familiar principles rather than deferring to other jurisdictions (*Castel*)
  - c. Any "questions concerning matters governed by this Convention which are not expressly settled in it are to be settled in conformity w general principles on which it is based or, in the absence of such principles, in conformity with the law applicable by virtue of the rules of private international law (Art 7(2) CISG)
    - i. In practice, it is uncertain what this exactly means:
    - ii. Questions raised:
      1. If there is subject matter which is not covered by the CISG, should we revert to general principles upon which the convention is based? Is this feasible, and to what extent can "universal" principles even be ascertained? (this could turn into an uncertain exercise in "gap-filling")
      2. When the CISG is silent on an issue, should we revert to applying NSW domestic law? (domestic judges are tempted to do this, due to familiarity)

## THRESHOLD Q: IS THE CONTRACT CAUGHT BY THE CISG?

1. **Requirement – the Contract must not exclude operation of the CISG (Art 6 CISG)**
  - a. **Any party** can exclude operation by **intention**
  - b. **Parties that are from Contracting States** (see Appendix 1 ('A1')) can only **exclude operation specifically**

or otherwise, the seller must give the buyer notice of the consignment specifying the goods (Art 32(1) CISG)

- c. **Also, note:** the risk does not pass from the seller to the buyer until the goods are identified to the contract by markings on the goods, by shipping docs, or by notice of consignment given to the buyer, or otherwise (Art 67(2) CISG)

## BREACH OF CONTRACT BY SELLER

### QUESTION 1: DO THE GOODS CONFORM TO THE CONTRACT?

NB: the word “non-conformity” can be used interchangeably with the word “defect” or the phrase “lack of conformity,” which is preferred by the CISG

1. **General CL principle:** the goods must be “fit for purpose” and have a “merchantable” quality (*Castel*)
2. **Quantity, quality, and description:** the seller must deliver the goods of a quantity, quality, and description required by the contract (Art 35(1) CISG)
  - a. Consider the contractual terms, public law regulations, and industry codes (CISG Advisory Council Opinion No 19)
  - b. Foreign, local & idiosyncratic standards that are not expressly included in the contract, if the seller was not given notice of it, will **not** apply to the goods, **UNLESS** practice and usage suggests otherwise (e.g. a long-standing business where those idiosyncratic standards applied)
3. **Containment/packaging as per the contract:** the seller must deliver the goods as contained or packaged in the manner required by the contract (Art 35(1) CISG):
  - a. Consider the contractual terms, public law regulations, and industry codes (CISG Advisory Council Opinion No 19)
  - b. Foreign, local & idiosyncratic standards that are not expressly included in the contract, if the seller was not given notice of it, will **not** apply to the goods, **UNLESS** practice and usage suggests otherwise (e.g. a long-standing business where those idiosyncratic standards applied)
4. **Generally fit for purpose:** the goods must be fit for the purposes for which goods of the same description would ordinarily be used (Art 35(2)(a) CISG)
  - a. **Honestly re-salable:** this standard includes the duty to make the goods honestly resalable in the ordinary course of business (including during intermediary trade) (Article 35(2)(a) SOGVCA)
  - b. **Fit for only some purposes:** if the goods are only fit for some of the purposes for which it is ordinarily used, the seller must ask the buyer for the particular purposes for which goods are intended for (Article 35(2)(a) SOGVCA)

# INCOTERMS

*[INCOTERMS provide us with alternative legal frameworks to the CISG. If the contract states that a certain INCOTERMS rule framework is to apply, for example “EXW” standing for Ex Works, or “CIF” standing for Cost Insurance and Freight, then it overrides the CISG on the terms of carriage and delivery b/w the buyer and seller (Art 9(2) CISG).]*

## EXW – Ex Works

	SELLER	BUYER
MAIN OBLIGATIONS	Must package and provide (deliver) the goods and commercial invoice in conformity with the contract (A1, EXW)	Must pay the price as provided by the contract (B1, EXW)
FORM	Electronic docs are allowed, or if not specified, as per what is customary (A1 and B1, EXW)	
DELIVERY SPECIFICS	<ul style="list-style-type: none"> <li>• Must place the goods at the disposal of the buyer at the agreed point or named place of delivery (A2, EXW)</li> <li>• IF a place is not nominated, and multiple places are available, the seller can choose the place (A2, EXW)</li> <li>• NOT OBLIGED to load the goods onto the collecting vehicle</li> </ul>	<ul style="list-style-type: none"> <li>• Must take delivery once the goods are delivered by the seller in accordance with A2, EXW (B2, EXW)</li> <li>• Must provide the seller with appropriate evidence that buyer has taken delivery (B6, EXW)</li> </ul>
RISKS	<p>Bears ALL risks of loss or damage until the goods are delivered in accordance with A2, EXW (A3, EXW).</p> <p>EXCEPTION: If the buyer fails to give notice, then the buyer bears ALL risks from the agreed date or the end of the agreed period of delivery, provided the goods are clearly identified as the contract goods (B3, EXW)</p>	<p>Bears ALL risks of loss or damage from the time the goods have been delivered in accordance with A2, EXW (B3, EXW).</p>

2. NB: if the gs are sold in transit or travel more quickly than the BOL, the person entitled to the gs may not be in pS of BOL yet, hence the widespread usage of letters of indemnity

## DUTIES AND LIABILITY OF THE SHIPPER

1. **Obligation of the shipper:** to pay freight at a time specified in the contract. This applies irrespective of:
  - a. Whether the shipper is the seller or buyer (under INCOTERMS; FAS rule);
  - b. Whether the shipper owns the gs at the time of shipment;
  - c. Who the gs are shipped to;
  - d. What term or convention the contract lies under.

NB: *[The shipper is exposed to liab, so the shipper should make an arrangement with the buyer prior to paying the freight. Generally, shipper asks for advanced freight or freight up-front.]*
2. **Shipper guarantees accuracy of representations:** Shipper is deemed to guarantee to the carrier the accuracy at the time of shipment of the marks, number, quantity and weight, as furnished by him (and written onto the SCD) (Art 3(5), Sch 1A COGSA)
3. **Shipper indemnifies carrier for inaccuracies:** shipper shall indemnify the carrier against all loss, damages, and expenses arising or resulting from inaccuracies in such particulars (Art 3(5), Sch 1A COGSA)
  - a. **EXCEPTION: IF** the info is accurate **AND** no act, fault or neglect of shipper, shipper's agents, or shipper's servants causing the damage/loss, **THEN** shipper is not liab for loss or damages suffered by carrier or ship(owner) (Art 4(3), Sch 1A COGSA)

*[The right to indemnity only limits the carrier's responsibility and liability under the contract of carriage in relation to ONLY the shipper i.e. does not limit the carrier's potential liability to 3rdPs (Art 3(5), Sch 1A COGSA).]*

# FINANCE

## BILLS OF EXCHANGE ('BOE')

### SUMMARY

1. The Bills of Exchange Act 1909 (Cth) ('BOEA') is the governing legal framework. What is BOE & who are the key parties [highlighted in orange]?
  - a. In summary form, the BOE allows a party called the drawer to engage a financial intermediary 3rdP, called a drawee (classic example, a bank), to pay some other person, called the payee or holder, a sum of money.
    - i. If the payee or holder, who is promised money under the BOE, is **not** paid before the maturity date of the bill, the bill has been "dishonoured", and this aggrieved payee or holder can now sue on the bill against those who are liab under the bill
    - ii. The parties who are liable under the bill incl the drawer, indorser, and acceptor, to be explained later
  - b. Basically, BOEs are an unconditional order in writing, addressed by the drawer to the drawee (s 8(1) BOEA)
  - c. The BOE requires the drawee to pay, either now or at a fixed future time, a sum of money to a specified person (the payee), or to bearer i.e. holder(s) (s 8(1) BOEA)
  - d. The drawer is also called the indorser; the indorser can indorse the bill, by transferring it to a new holder who is to be paid under the bill. This new holder is also called the indorsee.
  - e. In the event of the drawee not paying, the bearer can claim against the drawee and other parties by suing directly on the bill. The drawee may have a valid claim under the bill to refute liab. See below.
  - f. The BOE is a money-equivalent, independent obligation that is not tied to the underlying commitment or contract

## SPECIFIC ELEMENTS

1. **Acceptance:** the drawee only becomes liable to pay under the BOE if the drawee accepts the BOE. After acceptance, the drawee becomes the acceptor
  - a. **Definition of acceptance:** the acceptance of a bill is the signification by the drawee of their assent to the order of the drawer (s 22(1) BOEA)
  - b. **Acceptance must be written on bill and signed by drawee** (s 22(2)(a) BOEA)
  - c. **Money only:** must only express that the drawee will satisfy the obligation thru pmt of money (s 22(2)(b) BOEA)
  - d. **Two forms of acceptance:** Acceptance may be general or qualified (s 24(1) BOEA)
    - i. **General acceptance:** assent w/o qualification (s 24(2) BOEA)
    - ii. **Qualified acceptance:** expressly varies the effect of the bill (s 24(2) BOEA)
      1. **Elements of a qualified acceptance, an acceptance is qualified IF:**
        - a. Dependent on a condition (s 24(3)(a) BOEA) or
        - b. Paying a partial amount of the bill (s 24(3)(b) BOEA) or
        - c. Paying only at a specific place (s 24(3)(c) BOEA) – this is general, unless the acceptance expressly states that the bill is to be paid only at a particular (s 24(3)(d) BOEA) or
        - d. Qualified as to time (s 24(3)(d) BOEA) or
        - e. Only agreeing to pay one, or some, of the drawees, but not all the drawees (s 24(3)(e) BOEA)
      2. **Effect of a qualified acceptance:**
        - a. In response to a qualified acceptance by the drawee, the holder may refuse to take a qualified acceptance and may treat the bill as dishonoured (s 49 BOEA)
        - b. The drawer or indorser who has not authorised or does not authorise a qualified acceptance is discharged from liab on the BOE
2. **BOE must be payable on demand now OR at a fixed or determinable future time** (s 8(1) BOEA)
  - a. **“Payable on demand”** means any of the following options:
    - i. Expressed to be payable on demand, or at sight, or on presentation (s 15(1)(a), BOEA) OR
    - ii. When no time for payment is expressed (s 15(1)(b), BOEA) OR
    - iii. If a bill is accepted or indorsed when it is overdue (s 15(2), BOEA).
  - b. **“Payable at a determinable future time”** means if the bill is expressed as payable **EITHER:**
    - i. At a fixed period after date or sight; (s 16(a), BOEA) OR

**6. If the documents conform, the bank must honour the complying presentation UNLESS an exception or defence applies**

- a. By honouring, the bank must pay the seller (Art 2, UCP 600)
- b. The credit/payment should be made available by:
  - i. BOE of sight or payment ⇒ presentation of documents in exchange for payment immediately
  - ii. Deferred payment undertaking, where payment is made some time afterwards the documents are delivered
  - iii. The bank draws and accepts the BOE. The seller has the BOE on hand, and the bank pays the seller at the maturity of the bill.

**7. If the documents are non-complying:**

- a. The bank must refuse to honour or negotiate, or alternatively seek a waiver from the applicant (Art 16, UCP 600)
- b. By refusing to honour, the bank must give notice and state whether they are holding or returning the documents (Art 16(c), UCP 600). When no notice is given, the bank is bound to honour.
- c. If the bank decides to honour the seller despite the documents being non-complying, the bank runs the risk of not being reimbursed on the merits of the documents

**8. Exceptions/defences to the bank's obligation to honour a complying presentation**

**a. Fraud committed by the seller**

**i. Necessary threshold of fraud**

1. Fraud in the entire transaction, comprising of fraud in the seller's documents and possibly even the underlying sale
2. Bank requires unambiguous evidence of clear and obvious fraud, existing at the time of the bank honouring their obligation to the seller

**ii. Examples of fraud**

1. Fraudulent LOC issued or advised by fictitious banks
2. Issuing bank induced to open an LOC by fraudulent misrepresentation
3. In *Zhao v R [2016]*, there was a trade deal for exporting waste paper, and an arrangement for LOCs was issued by an American bank, originally payable 90 days from shipment, subsequently amended to a bill payable at sight. There was a pattern of falsifying the bills of lading, not detected until a Chinese mill reported that no shipments had arrived

**iii. Fraud may involve cooperation between buyer and seller**

1. Where the buyer and seller arrange to work together in defrauding the bank, the seller must have fraudulently presented to the bank documents that contain material representations which, to the seller's knowledge, are untrue
2. Seller must be an active participant in the fraud

# APPENDIX 1

## SALE OF GOODS TOPIC: Intangible Goods

1. Would “software” be considered a good under the CISG?
  - a. “Galantronics” (2010, Australia) - **held**: that software is not a good [as it exists purely electronically, and is downloaded/bought online] **unless** the software comes with a tangible object (e.g. USB or a disk)
    - i. The Australian Consumer Law extends the definition of goods to computer software
    - ii. **ACCC v Valve** - **held**: can sue under **ACL** on basis of defective software
  - b. **2015 Dutch case** - **held**: regarding a licensing agreement for computer software that did not come through a hard/tangible medium, was nonetheless considered to be a good, but not a service
  - c. CJEU determined that software is a ‘good’ for the purposes of a Distribution Directive (even if not on a tangible medium); **held** - must examine the terms of the transaction eg. licence

## SALE OF GOODS TOPIC: CISG - Contracting States, i.e. States who are party (double-check this list is correct at the time of reading)

Albania, Argentina, Armenia, Australia, Austria, Azerbaijan, Bahrain, Belarus, belgium, Benin, Bosnia and Herzegovina, Brazil, Bulgaria, Burundi, Cameroon, Canada, chile, china, colombia, congo, costa rica, croatia, cuba, cyprus, czech republic, south Korea, Denmark, Dominican republic, ecuador, egypt, el salvador, estonia, ethiopia, fiji, finland, france, gabon, georgia, germany, greece, guatemala, guinea, guyana, honduras, hungary, iceland, iraq, israel, italy, japan, kyrgyzstan, latvia, laos, lebanon, lesotho, liberia, lesotho, liberia, liechtenstein, lithuania, luxembourg, macedonia, madagascar, mauritania, mexico, mongolia, moldova, montenegro, NZ, Netherlands, norway, paraguay, palestine, peru, poland, Portugal, north Korea, romania, russia, rwnda, san marino, saudi arabia, serbia, singapore, slovakia, slovenia, spain, sweden, switzerland, syria, turkey, turkmenistan, uganda, ukraine, USA, uruguay, uzbekistan, vietnam, zambia

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4. In regards to goods that require after-sales services which the dis/or can provide, the supplier is not obliged to arrange service either by setting up its own facilities or making contractual arrangements
5. Favourable as an alternative to other arrangements, especially when the market is small, or the regulatory environment is strict in certain jurisdictions, thus makes setting up a high degree of presence and operations more difficult or expensive

### DISADVANTAGES FOR SUPPLIER/MANUFACTURER

1. Dis/or may experience conflicts of interest w other suppliers they are dealing with
  - a. Note that dis/ors have built-up networks w other suppliers which are “hidden” at the conclusion of the agrmt
2. Profit margins may be lower than compared to selling the gs directly, or using an agent
3. May be more difficult to terminate the agrmt due to the dis/or’s market presence, and their control over sales and customer lists
4. Less opportunity to control and monitor quality, due to the increased separation b/w supplier and dis/or (cf agencies where the parties are much closer)

### EXAMPLE

1. Aussiereg wishes to export and sell its products in Asia, but does not wish to set up its own chain of wholesalers or retailers → hence, starts a distribution agrmt w a co in Asia

## 5. TECHNOLOGY TRANSFER AND LICENSING AGREEMENTS/ARRANGEMENTS

NB: this section deals w the intersection b/w IP and contractual arrangements, and general issues regarding IP in the context of international transactions for gs or services

1. Technology transfers or licensing is applicable to all non-investment, contractual structures, as long as IP is of material relevance to the substance of the transaction
2. **Definition:** *[The grant of a licence to a foreign co to produce or sell gs under the licensor’s IPR, and in accordance w the licensor’s specification.]*
  - a. IPR can incl:
    - i. {Registrable} patents, trademarks, designs, brand names
    - ii. {Unregistrable} trade secrets, confidential info, know-how, copyright
  - b. A single licence can cover multiple categories/forms of IPR
  - c. The local legal regime may require licenses to be divided into diff categories, depending on the nature of the IPR
  - d. Once IPRs are licensed, the transfer will automatically incl trade secrets, confidential info, know-how and skills

### 3. Types of licenses:

- a. **Use license** → the right to use licensed subject matter; w no rights to copy, modify, sell, or distribute
- b. **Manufacturing licence** → right to manufacture goods utilising or incorporating the licenced technology
- c. **Distribution licence** → right to market and sell to 3rdPs in a specified territory
- d. **Sub-licence** → right to sub-licence all or some of licensor's IPR to 3rdPs e.g. selling the product, or dividing up the manufacturing process
  - i. Sub-licenses raise issues regarding the licensor's degree of control especially over unregistrable interests

#### 4. Returns:

- a. **For the licensor:** consists of royalties and pmts under the licence
- b. **For the licensee:** is derived from selling the relevant products

### ISSUES TO CONSIDER WHEN DRAFTING CONTRACT FOR IP LICENSING

#### 1. Identify the correct counterparty

- 2. **Governing law** (must be acceptable to both parties)
- 3. **Mandatory laws in location of licensee:** may prevent the parties from inserting certain clauses which are deemed to be anti-competitive

#### 4. Language of the docs:

- a. The baseline expectation is that a language is chosen that all parties can read
- b. May need agrmt to dual language documentation → and if so, determine how to check the dual language docs are correctly translated → expensive
- c. May be local requirements relating to the governing, 'master' language which must be used

#### 5. Territory of the licence: exclusive or non-exclusive

- a. Defining the location where the IPR can be used depends on the type of licence and subject matter of the IP
- b. Exclusivity defines the scope of the designated area in which the license is permitted to utilise the IPR in manufacturing and selling the products
- c. Cf distribution agrmts, where the products are manufactured and sold in separate areas by different parties
- d. Licensor must have control: licensor must ensure licensee does not use IPR outside designated area, and stop the licensee from entering areas where licensor has existing supply chains, thus causing competition
- e. Agrmt should define the rights of the licensee to distribute and sell, in "unauthorised" areas outside their designated areas
- f. If the licensor anticipates that there will be intrusion by the licensee into areas where the licensor has existing supply chains and similar operations ongoing, should consider inserting non-competition clauses or restrictions

## 6. term/duration of the license

- a. **Quality control and sampling:** does the product meet specifications
- b. **Pmt options:** the parties should consider the following options for pmt:
  - i. **Royalties as a percentage of gross or net sales**
    1. Requires the licensor to continue monitoring the licensee
    2. **Advantages:** in industries w slower innovation and staple technologies used consistently, royalties are better for maintaining a long-standing reln b/w the licensor and licensee where the licensor can monitor more easily
    3. **More suitable for:** when licensee is a related entity to the licensor e.g. subsidiary (thus making it easier to monitor)
    4. **Issues:** foreign enforcement regime and barriers might impede royalties flowing back to the licensor in the licensor's jurisdiction
  - ii. **Lump sum pmt:**
    1. **requirements/suggestions:** parties must calculate the IPRs current market value, and the licensor may want a right to audit and access financial info from the licensee to verify its sales
    2. **Continued usage term:** usually accompanied thru a term which allows the licensee to continue using the IPR following the conclusion of the license
    3. **Advantages:** no need to monitor and constitutes a walkway deal where neither party needs to commit to each other long-term
    4. **More suitable for:** industries where new technology are constantly emerging, technology life-span unpredictable and existing IP can become outdated quickly; thus it is beneficial to pay-off the other party w/o being tied up in long-term commitments; and execute new deals in relation to new technologies when the technology arises
    5. **More suitable for:** when the licensee is not related to the licensor, therefore it is more financially viable to pay-off and walkaway from a party that is a 'stranger' and may carry higher risks than for example a subsidiary
    6. **NB:** foreign exchange and currency restrictions affiliated with method of pmt

## 7. Tax implications:

- a. The parties must determine which party is liab to pay taxes on royalties, custom duties, and income tax
- b. Effect on royalties: if a policy states that the licensee cannot be made liab for tax, the calculation of royalties should be adjusted accordingly

## 8. Rights to improvements

- i. E.g. assess market b4 investing funds thru a different contractual arrangement or establishment
- ii. E.g. political move to indicate one's commitment to a market w/o investing large amounts of funds
- c. **Representative office limited to promotional activities:** generally the foreign office has no authority to be involved in sales, however, it is involved in promotional activities and can pass on orders from the head office
  - i. Sales are effected thru the principal or a diff agent, not the representative office

## 2. Issues:

- a. Principal must consider whether this move makes buss sense and whether the costs are justified, esp when setting up a promotional-heavy office is not a direct, revenue-generating activity
- b. Potential tax liab on Y
- c. em/ent laws affecting hiring e.g. visa requirements for bringing in foreign em/ees

## 3. Example:

- a. Aussiereg wishes to investigate potential markets in Asia w/o committing significant resources. It sets up an office in Hong Kong w 2 members of staff whose main purpose is to examine sales possibilities and start creating a market for the gs of Aussiereg

## 9. FOREIGN DIRECT INVESTMENT

- 1. Not a contractual arrangement, but is the most involved process for setting up buss operations overseas
- 2. See Outbound Investment topic PG 60

## ONLINE & E-COMMERCE

### What are the key elements and issues to consider when your arrangement is online, or involves e-commerce?

- 1. IPR for domain names on websites, and website content
  - a. Domain names
    - i. At the higher, international level, this consists of an entire website URL
      - 1. Administered by ICANN
      - 2. E.g. ".com" ".it" ".org"
    - ii. At the local, territorial level, other domain names should be considered e.g. ".au"
    - iii. Possible competition b/w domain names at different local/territorial levels which relate to the same buss concept
- 2. Buss relationships

# INTELLECTUAL PROPERTY RIGHTS AND TECHNOLOGY

## STRUCTURING AN INTERNATIONAL TRANSACTION; OPERATING IN FOREIGN MARKETS

*[IPR can be loosely defined as intangible rights and entitlements in respect of knowledge, divided across various types incl TMs, patents, copyright, confidential info, domain names, technology and know-how.]*

NB: other forms of IP incl registered designs, plant varieties, and electronic circuit names, which are not dealt w below in any detail

### SUMMARY/OVERLOOK

#### 1. The business rationale for IP

- a. Brand and goodwill
- b. IPR grant the holder of monopoly interest over an invention
- c. Revenues from licensing and selling the IP

#### 2. General International IP issues

- a. The diminishment and/or exploitation of genetic resources; folklore; traditional knowledge
- b. Compulsory licensing, drugs
- c. Supply of generic drugs
- d. Geographical indications and names
- e. Scope of patents over difficult/controversial subject areas e.g. DNA; plant genes, etc.
- f. Parallel importing
- g. Effect of IP protection on economies of developing states, and associated effects on freedom of speech, and the debate regarding the use of resources vs vested interests
- h. IP vs abuse of dominance, and associated issues w monopoly power
- i. Counterfeiting, fraud, piracy propagated via the Internet, and the sale of counterfeit products

#### 3. How is IP created? By registration (not automatic), by operation of law (automatic), or under the CL

#### 4. The basis of IPR:

- a. **Domestic:** primarily, since IP is territorial, IPR are created, administered and enforced by domestic law
- b. **International:**

## TRADEMARKS

### TRADEMARKS CREATION IN AUSTRALIAN DOMESTIC LAW

Trade Marks Act (“TMA”).

#### 1. Definition and types of TMs:

- a. **Shortened definition:** a mark is used to distinguish the origin of goods or services
- b. **Full legal definition:** ‘a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the courts of trade by a person from goods or services so dealt with or provided by any other person’ (s 17 TMA)

#### 2. Types of TMs:

##### a. Registered (statutory)

- i. Cannot register a mark if there is no intention to use it as a TM (i.e. speculative or defensive registrations aimed at blocking another person’s use, is not allowed)
- ii. NB: not in Aus, but in other jurisdictions, the owner must supervise and assure the quality of goods bearing the mark, which is essential for retaining the value of the mark and preventing non-dilution

##### b. Unregistered (under CL, made out by use)

3. **E.g.:** words, images, colours, smells
4. **Classes:** there are 45 classes of TMs, based on WIPO’s classifications (34 for goods; 11 for services), and protection is based on the classes (Nice Agreement)

#### 5. The mark must be identified as a mark

### AFTER THE TM IS CREATED, WHAT ARE THE RIGHTS AND DUTIES OF THE OWNER?

#### 1. Rights, lasting for a specified period (10y, and renewable in Aus)

- a. Right to exclusive use...
  - i. ... within the class of goods or services for which the <sup>TM</sup> is registered
  - ii. UNLESS a user of the <sup>TM</sup>, who is not the owner, can prove that the use was not likely to deceive or confuse
  - iii. The owner’s right to exclusive use is subject to the prior rights of other parties
- b. Right to grant the right to use the <sup>TM</sup> to a 3rdP
- c. Right to exclude others from using the <sup>TM</sup>
- d. Right to relief in the case of infringement

#### 2. Loss of rights

- a. Owner may lose their rights due to non-use of the <sup>TM</sup>, if there was no GF intention to ever use the <sup>TM</sup> or continuous non-use for 3y

- iv. Computer programs: must be protected as literary works (Art 10 TRIPS)
- v. Rental rights: in respect of at least computer programs and cinematographic works, members must maintain a system allowing authors to allow or restrict commercial renting (Art 11 TRIPS)

## 2. General International Issues regarding Copyright:

- a. Online piracy, theft of books etc. as propagated by internet
- b. Take-down notices, i.e. sending a notice to party who downloaded or published your copyrighted work to “take it down” → if refused, ask for damages → some websites allow users to take copyrighted works freely
- c. Responsibilities of ISPs for counterfeited material
- d. Pending case regarding scraping data (similar to Chat-GPT) w big companies using libraries and public internet resources as basis for training up LLM-equivalents i.e. using other peoples’ copyrighted works to train AI → question of whether this is infringement
- e. Many materials (e.g. instruction manuals) used in businesses are subject to copyright, raising legal issues
  - i. E.g. translate documents and manuals → who owns the copyright? Generally the translator, hence, og author needs to have their IP transferred back, in order to amend, deal w and distribute the translated copy
  - ii. E.g. advertising material

## DOMAIN NAMES

1. *[An identification string that defines a realm of administrative autonomy, authority, or control on the Internet.]*

### 2. Process/formalities:

- a. Registration is required at multiple levels (international vs territorial)
- b. Limits might exist on obtaining a local level domain prior if the applicant has not est a buss presence in the jurisdiction

### 3. Issues:

#### a. Cybersquatting due to the cheapness of registration

- i. Response to cybersquatting: ™ registrations assist in disputes concerning ownSp of a domain name. Easier to oppose cybersquatters by showing your claimed domain name is related to a ™ owned by you (Chinese Kia Case). Must prove ownSp of ™, and common knowledge/reputation under the identity of the ™, to show that the cybersquatter registered the domain name in bad faith

#### b. Recent developments – extension of generic top-level domains

- c. **Significance to buss brand value/value property when purchasing a buss;** ensure domain names are incl in the deal

## AUSTRALIAN INVESTMENT POLICY FOR INBOUND INVESTMENT

### UPDATED AUSTRALIAN FOREIGN INVESTMENT POLICY AS AT 14 MARCH 2025

1. **Identified issue:** the lack of transparency in DMing systems and approvals of foreign investment applications, thereby slowing entire process down
2. **Response, strengthening “risk-based approach”:**
  - a. **Particular environmental factors requiring risk-based approach:** national security threats from intensifying geopolitical competition, increased comp for global capital, rapid technological change, supply chain resilience concerns, espionage concerns
  - b. **Streamlined process:** informed by consideration of the investor (who), the target of their investment (what), and the structure of the transaction (how)
  - c. **Induce increased funding:** for analysis, monitoring, compliance & enforcement for analysis of sensitivities; in order to future-proof the system and allow it to deal w emerging risks
  - d. **Robust examination:** of how projects relate to interest (particularly foreign control of supply chain and industries)
    - i. Supply chain independence from non-ally foreign states, monitoring foreign control of our supply chains/industries
    - ii. “made-in-Aus” policy {objective to develop processing facilities for rare earths in Aus} and the Gov’s concerns regarding critical minerals (rare earths incl lithium, nickel)
  - e. **Early engagement:** treasury welcomes early engagement w foreign investors regarding investment proposals; to align reviews w “Future Made in Aus” agenda
3. **Focusing scrutiny on high-risk investments**
  - a. **Focus on sensitive sectors:** closer scrutiny of proposed investments in “sensitive sectors” (see PG 52)
    - i. Ambiguous if this stmt is in contrast to current policies, or in contrast to the newly proposed fast-track investments system
  - b. **Scrutinising tax**
  - c. **Balancing:** econ benefits of investments w security risks
4. **Streamlining approval for low-risk investments:**
  - a. **Faster approvals especially for passive institutional investors w a “good track record” of compliance** and investing in non-sensitive sectors
  - b. **Performance targets:** lead to quicker review
  - c. **Refund of application fees** for bidders in **unsuccessful bids**

- a. For agricultural land, there is an additional requirement for open & transparent sale process
- 2. Critical infrastructure
- 3. Critical minerals eg extraction of uranium or plutonium
- 4. Critical technology
- 5. Proximity to sensitive Australian Government facilities (i.e. defence and military related industries/activities)
- 6. Accesses or holds sensitive data sets
- 7. Media
- 8. Telecom
- 9. Transport
- 10. Encryption, securities technologies and communications systems
- 11. Operation of nuclear facilities
- viii. General Industries considered non-sensitive**
  - 1. Manufacturing
  - 2. commercial real estate
  - 3. new housing
  - 4. non-critical mining
- ix. Particular industries considered sensitive**
  - 1. Banking sector (concerned with foreign ownership)
  - 2. Qantas (49% foreign ownership)
  - 3. Airports (generally 49% only)
  - 4. Australian registered or chartered ships (majority Australian owned)
  - 5. Telstra: 35%; with individual foreign investors 5% only
- b. Domestic & International Competition**
  - i. Whether the investment will give the investor control over market pricing and/or production of a good or service
  - ii. The degree of the impact on the make-up of a relevant global industry e.g. distortion to competitive market outcomes
  - iii. Deference to ACCC from 1 Jan 2026 onward, information provided to ACCC on competition issues by foreign merger proponents will mostly be sufficient for the consideration of competition issues under this policy framework; reducing regulatory and decision-making supplication
    - 1. ACCC has previously accepted investments with an effect on competition
- c. Taxation:**
  - i. Closer scrutiny of risk to tax revenue; and review of high risk structures designed to avert tax
  - ii. Concerned particularly with structures which use tax havens

#### STEP 4 → Whether [X person] intended to improperly influence the FPO?

1. [X person] contravenes s 70.2 CCA if they provide the benefit with the intention of **improperly** influencing a FPO in order to obtain or retain buss or a buss or personal adv (whether or not for [X person]) (s 70.2(1)(b) CCA).
2. It is not necessary that [X person]:
  - a. Intended to influence a particular foreign public official (s 70.2(2)(a) CCA);
  - b. Intended to obtain or retain a particular business, business advantage or personal advantage (s 70.2(2)(b) CCA); or
  - c. Actually obtained or retained any business, business advantage or personal advantage (s 70.2(2)(c) CCA).

As clarified by the CLACCC.

3. The definition of advantage inserted by CLACCC into s 70.1 CCA means an advantage of any kind and is not limited to property.
4. Whether the influence was “improper” is determined having regard to the factors in s 70.2A. GO TO PG 78, 79
5. On the present facts, [X person] [insert analysis].
6. As such, [X person] satisfies the requirement in s 70.2(1)(b) CCA.

#### STEP 5 → CONCLUSION

Accordingly, the better view is thus that [X person] has committed an offence of bribing an FPO contrary to s 70.2 CCA. However, [X person] may avoid liability if a defence under s 70.3 CCA is established.

#### DEFENCES TO THE FOREIGN BRIBERY OFFENCE

1. **Legal in the foreign jurisdiction:** not an offence if the conduct would not have been an offence under the written laws of the place where the relevant government body was located (s 70.3 CCA).
  - a. NB: unlikely to succeed because most countries impose domestic sanctions in their written, criminal law against bribery of PO.
2. **Facilitation payments:** not an offence if the pmt (or benefit) allegedly given to a recipient as bribery, are facilitation payments. A facilitation payment is ALL of the following elements:
  - a. Minor value of pmt/benefit (s 70.4(1)(a) CCA)
  - b. The sole or dominant purpose is to expedite or secure performance of a routine and minor gov action (s 70.4(1)(b) CCA)
  - c. A complying record was made as soon as practicable after the payment was made (s 70.4(1)(c) CCA).
    - i. Go to PG 78 for full s 70.4(3) details concerning requirements for a complying record