**TRADE PRACTICES AMENDMENT ACT 1978**

**No. 206 of 1978**

An Act relating to Trade Practices.

BE IT ENACTED by the Queen, and the Senate and House of Representatives of the Commonwealth of Australia, as follows:

**Short title, &c.**

**1.** (1) This Act may be cited as the *Trade Practices Amendment Act* 1978.

(2) The *Trade Practices Act* 1974 is in this Act referred to as the Principal Act.

**Commencement**

**2.** This Act shall come into operation on the day on which it receives the Royal Assent.

**Interpretation**

**3.** Section 4 of the Principal Act is amended—

(a) by omitting from the definition of “Deputy Registrar” in sub-section (1) “, and includes a person appointed to act as a Deputy Registrar of the Tribunal”; and

(b) by omitting from the definition of “Registrar” in sub-section (1) “and includes a person appointed to act as the Registrar of the Tribunal”.

**Exclusionary provisions**

**4.** Section 4d of the Principal Act is amended by omitting sub-section (2) and substituting the following sub-section:

“(2) A person shall be deemed to be competitive with another person for the purposes of sub-section (1) if, and only if, the first-mentioned person or a body corporate that is related to that person is, or is likely to be, or, but for the provision of any contract, arrangement or understanding or of any proposed contract, arrangement or understanding, would be, or would be likely to be, in competition with the other person, or with a body corporate that is related to the other person, in relation to the supply or acquisition of all or any of the goods or services to which the relevant provision of the contract, arrangement or understanding or of the proposed contract, arrangement or understanding relates.”.

**Additional operation of Act**

**5.** Section 6 of the Principal Act is amended—

(a) by inserting “53b,” after “46,”in paragraph (b) of sub-section (2); and

(b) by omitting from paragraph (c) of sub-section (2) “were, by express provision, confined to a contract made—” and substituting “and any reference in Division 2a of that Part to the supply of goods, were, by express provision, confined to a contract made, or the supply of goods, as the case may be—”.

**Termination of appointment of members of the Commission**

**6.** Section 13 of the Principal Act is amended by inserting before “engages” in paragraph (c) of sub-section (2) “without the consent of the Minister”.

**7.** After section 44 of the Principal Act the following section is inserted in Part III:

**Acting appointments**

“44a. (1) The Minister may appoint a person who is an officer or employee for the purposes of the *Public Service Act* 1922 to act as the Registrar or as a Deputy Registrar during any period, or during all periods, when—

(a) the Registrar or that Deputy Registrar, as the case may be, is absent from duty or from Australia or is, for any other reason, unable to perform the duties and functions of his office; or

(b) there is a vacancy in the office of Registrar or in that office of Deputy Registrar, as the case may be.

“(2) A person acting as the Registrar or as a Deputy Registrar by reason of a vacancy in the office of Registrar or of that Deputy Registrar shall not continue so to act after the expiration of 12 months after the occurrence of the vacancy.

“(3) A person appointed to act as the Registrar or as a Deputy Registrar has, while acting as the Registrar or as that Deputy Registrar, as the case may be, all the duties and functions of the Registrar or of that Deputy Registrar, and references in this Act to the Registrar or to a Deputy Registrar shall—

(a) if a person is acting as the Registrar—be read as a reference to the person so acting; or

(b) if a person is acting as a Deputy Registrar—be read as including a reference to the person so acting.

“(4) The Minister may at any time terminate an appointment of a person to act as the Registrar or as a Deputy Registrar.

“(5) A person who holds an appointment to act as the Registrar or as a Deputy Registrar may resign his appointment by writing under his hand delivered to the Minister.

“(6) The validity of an act done by a person appointed to act as the Registrar or as a Deputy Registrar shall not be questioned in any proceeding on a ground arising from the fact that the occasion for the appointment, or for him to act under the appointment, had not arisen or that the appointment had ceased to have effect or the occasion for him to act under the appointment had passed.”.

**Contracts, arrangements or understandings in relation to prices**

**8.** (1) Section 45a of the Principal Act is amended by omitting paragraph (b) of sub-section (2) and substituting the following paragraph:

“(b) the joint supply by the parties to the joint venture of services in pursuance of the joint venture, or the supply by the parties to the joint venture in proportion to their respective interests in the joint venture of services in pursuance of, and made available as a result of, the joint venture; or”.

(2) The amendment made by sub-section (1) shall be deemed to have come into operation on 1 July 1977.

**Exclusive dealing**

**9.** Section 47 of the Principal Act is amended by omitting from sub-sections (6) and (7) “not being a body corporate related to the corporation”.

**False representations and other misleading or offensive conduct in relation to**

**10.** Section 53a of the Principal Act is amended by inserting after sub-section (2) the following sub-section:

“(2a) Nothing in this section shall be taken as implying that other provisions of this Division do not apply in relation to the supply or acquisition, or the possible supply or acquisition, of interests in land.”.

**11.** After section 53a of the Principal Act the following section is inserted:

**False representations in relation to employment**

“53b. A corporation shall not publish or cause to be published an advertisement seeking a person or persons for employment, whether by the corporation or by another person, that contains a statement that is false or misleading in a material particular.”.

**Product safety standards**

**12.** Section 62 of the Principal Act is amended—

(a) by adding at the end of sub-section (2) “or to any other persons”; and

(b) by inserting “or to any other persons” in sub-section (2d) after “persons using the goods”.

**Application of provisions to contracts not to be excluded or modified**

**13.** Section 68 of the Principal Act is amended—

(a) by omitting “or” at the end of paragraph (b) of sub-section (1);

(b) by adding at the end of paragraph (c) of sub-section (1) “; or”;

(c) by inserting after paragraph (c) of sub-section (1) the following paragraph:

“(d) the application of section 75a,”;

(d) by inserting “or the application of section 75a” in sub-section (2) after “Division”; and

(e) by adding at the end of sub-section (2) “or section”.

**14.** After Division 2 of Part V of the Principal Act the following Division is inserted:

*“Division 2a—Actions against Manufacturers and Importers of Goods*

**Interpretation**

“74a. (1) In this Division—

‘express warranty’, in relation to goods, means an undertaking, assertion or statement in relation to the quality, performance or characteristics of the goods given or made in connexion with the supply of the goods, or in connexion with the promotion by any means of the supply or use of goods, the natural tendency of which is to induce persons to acquire the goods;

‘manufactured’ includes grown, extracted, produced, processed and assembled.

“(2) In this Division—

(a) a reference to goods shall, unless the contrary intention appears, be read as a reference to goods of a kind ordinarily acquired for personal, domestic or household use or consumption;

(b) a reference to the quality of goods includes a reference to the state or condition of the goods;

(c) a reference to antecedent negotiations in relation to the acquisition of goods by a consumer shall be read as a reference to any negotiations or arrangements conducted or made with the consumer by another person in the course of a business carried on by the other person whereby the consumer was induced to acquire the goods or which otherwise promoted the acquisition of the goods by the consumer; and

(d) a reference to the person by whom any antecedent negotiations were conducted shall be read as a reference to the person by whom the negotiations or arrangements concerned were conducted or made.

“(3) If—

(a) a corporation holds itself out to the public as the manufacturer of goods;

(b) a corporation causes or permits the name of the corporation, a name by which the corporation carries on business or a brand or mark of the corporation to be applied to goods supplied by the corporation; or

(c) a corporation causes or permits another person, in connexion with the supply or possible supply of goods by that other person, or in connexion with the promotion by that other person by any means of the supply or use of goods, to hold out the corporation to the public as the manufacturer of the goods,

the corporation shall be deemed, for the purpose of this Division, to have manufactured the goods.

“(4) If—

(a) goods are imported into Australia by a corporation that was not the manufacturer of the goods; and

(b) at the time of the importation the manufacturer of the goods does not have a place of business in Australia,

the corporation shall be deemed, for the purposes of this Division, to have manufactured the goods.

“(5) For the purposes of paragraph (3)(b)—

(a) a name, brand or mark shall be deemed to be applied to goods if it—

(i) is woven in, impressed on, worked into or annexed or affixed to the goods; or

(ii) is applied to a covering, label, reel or thing in or with which the goods are supplied; and

(b) if the name of a corporation, a name in which a corporation carries on business or a brand or mark of a corporation is applied to goods, it shall be presumed, unless the contrary is established, that the corporation caused or permitted the name, brand or mark to be applied to the goods.

“(6) The reference in sub-section (5) to a covering includes a reference to a stopper, glass, bottle, vessel, box, capsule, case, frame or wrapper and the reference in that sub-section to a label includes a reference to a band or ticket.

“(7) If goods are imported into Australia on behalf of a corporation, the corporation shall be deemed, for the purposes of this Division, to have imported the goods into Australia.

“(8) For the purposes of this Division, goods shall be taken to be supplied to a consumer notwithstanding that, at the time of the supply, they are affixed to land or premises.

**Actions in respect of unsuitable goods**

“74b. (1) Where—

(a) a corporation, in trade or commerce, supplies goods manufactured by the corporation to another person who acquires the goods for re-supply;

(b) a person (whether or not the person who acquired the goods from the corporation) supplies the goods (otherwise than by way of sale by auction) to a consumer;

(c) the goods are acquired by the consumer for a particular purpose that was, expressly or by implication, made known to the corporation, either directly, or through the person from whom the consumer acquired the goods or a person by whom any antecedent negotiations in connexion with the acquisition of the goods were conducted;

(d) the goods are not reasonably fit for that purpose, whether or not that is a purpose for which such goods are commonly supplied; and

(e) the consumer suffers loss or damage by reason that the goods are not reasonably fit for that purpose,

the corporation is liable to compensate the consumer for the loss or damage and the consumer may recover the amount of the compensation by action against the corporation in a court of competent jurisdiction.

“(2) Sub-section (1) does not apply—

(a) if the goods are not reasonably fit for the purpose referred to in that sub-section by reason of—

(i) an act or default of any person (not being the corporation or a servant or agent of the corporation); or

(ii) a cause independent of human control, occurring after the goods have left the control of the corporations; or

(b) where the circumstances show that the consumer did not rely, or that it was unreasonable for the consumer to rely, on the skill or judgment of the corporation.

**Actions in respect of false descriptions**

“74c. (1) Where—

(a) a corporation, in trade or commerce, supplies goods manufactured by the corporation to another person who acquires the goods for re-supply;

(b) a person (whether or not the person who acquired the goods from the corporation) supplies the goods (otherwise than by way of sale by auction) to a consumer by description;

(c) the goods do not correspond with the description; and

(d) the consumer suffers loss or damage by reason that the goods do not correspond with the description,

the corporation is liable to compensate the consumer for the loss or damage and the consumer may recover the amount of the compensation by action against the corporation in a court of competent jurisdiction.

“(2) Sub-section (1) does not apply if the goods do not correspond with the description referred to in that sub-section by reason of—

(a) an act or default of any person (not being the corporation or a servant or agent of the corporation); or

(b) a cause independent of human control, occurring after the goods have left the control of the corporation.

“(3) A corporation is not liable to compensate a consumer for loss or damage suffered by the consumer by reason that goods do not correspond with a description unless the description was applied to the goods—

(a) by or on behalf of the corporation; or

(b) with the consent of the corporation, whether express or implied.

“(4) If the goods referred to in sub-section (1) are supplied to the consumer by reference to a sample as well as by description, it is not a defence to an action under this section that the bulk of the goods corresponds with the sample if the goods do not also correspond with the description.

“(5) A supply of goods is not prevented from being a supply by description for the purposes of sub-section (1) by reason only that, being exposed for sale or hire, they are selected by the consumer.

**Action in respect of goods of unmerchantable quality**

“74d. (1) Where—

(a) a corporation, in trade or commerce, supplies goods manufactured by the corporation to another person who acquires the goods for re-supply;

(b) a person (whether or not the person who acquired the goods from the corporation) supplies the goods (otherwise than by way of sale by auction) to a consumer;

(c) the goods are not of merchantable quality; and

(d) the consumer or any person who derives title to the goods through or under the consumer suffers loss or damage by reason that the goods are not of merchantable quality,

the corporation is liable to compensate the consumer or person who so derives title to the goods for the loss or damage and the consumer or person who so derives title to the goods may recover the amount of the compensation by action against the corporation in a court of competent jurisdiction.

“(2) Sub-section (1) does not apply—

(a) if the goods are not of merchantable quality by reason of—

(i) an act or default of any person (not being the corporation or a servant or agent of the corporation); or

(ii) a cause independent of human control,

occurring after the goods have left the control of the corporation;

(b) as regards defects specifically drawn to the consumer’s attention before the making of the contract for the supply of the goods to the consumer; or

(c) if the consumer examines the goods before that contract is made, as regards defects that the examination ought to reveal.

“(3) Goods of any kind are of merchantable quality within the meaning of this section if they are as fit for the purpose or purposes for which goods of that kind are commonly bought as it is reasonable to expect having regard to—

(a) any description applied to the goods by the corporation;

(b) the price received by the corporation for the goods (if relevant); and

(c) all the other relevant circumstances.

**Actions in respect of non-correspondence with samples, &c.**

“74e. (1) Where—

(a) a corporation, in trade or commerce, supplies goods manufactured by the corporation to another person who acquires the goods for re-supply;

(b) a person (whether or not the person who acquired the goods from the corporation) supplies the goods (otherwise than by way of sale by auction) to a consumer;

(c) the goods are supplied to the consumer by reference to a sample;

(d) the bulk of the goods does not correspond with the sample in quality or the goods have a defect, rendering them unmerchantable, that is not, or would not be, apparent on reasonable examination of the sample; and

(e) the consumer suffers loss or damage by reason that the bulk does not correspond with the sample in quality or by reason that the goods have that defect,

the corporation is liable to compensate the consumer for the loss or damage and the consumer may recover the amount of the loss or damage by action against the corporation in a court of competent jurisdiction.

“(2) Sub-section (1) does not apply where—

(a) the sample is not supplied by the corporation;

(b) the supply by sample is made without the express or implied concurrence of the corporation; or

(c) the failure of the bulk of the goods to correspond with the sample in quality or the existence of the defect is due to—

(i) an act or default of any person (not being the corporation or a servant or agent of the corporation), or a cause independent of human control, occurring after the goods have left the control of the corporation; or

(ii) other circumstances that were beyond the control of the corporation and that it could not reasonably be expected to have foreseen.

**Actions in respect of failure to provide facilities for repairs or parts**

“74f. (1) Where—

(a) a corporation, in trade or commerce, supplies goods manufactured by the corporation to another person who acquires the goods for re-supply;

(b) a person (whether or not the person who acquired the goods from the corporation) supplies the goods (otherwise than by way of sale by auction) to a consumer;

(c) at a time (in this section referred to as the ‘relevant time’) after the acquisition of the goods by the consumer—

(i) the goods require to be repaired but facilities for their repair are not reasonably available to the consumer; or

(ii) a part is required for the goods but the part is not reasonably available to the consumer;

(d) the corporation acted unreasonably in failing to ensure that facilities for the repair of the goods were, or that the part was, reasonably available to the consumer at the relevant time; and

(e) the consumer suffers loss or damage by reason of the failure of the corporation to ensure that facilities for the repair of the goods were, or that the part was, reasonably available to the consumer at the relevant time,

the corporation is liable to compensate the consumer for the loss or damage and the consumer may recover the amount of the compensation by action against the corporation in a court of competent jurisdiction.

“(2) Sub-section (1) does not apply where the corporation took reasonable action to ensure that the consumer acquiring the goods would be given notice at or before the time when he acquired the goods that—

(a) the corporation did not promise that facilities for the repair of the goods, or that parts for the goods, would be available; or

(b) the corporation did not promise that facilities for the repair of the goods, or that parts for the goods, would be available after a specified period, being a period that expired before the relevant time.

“(3) Where the corporation took reasonable action to ensure that the consumer acquiring the goods would be given notice at or before the time when he acquired the goods that the corporation did not promise that—

(a) facilities for the repair of the goods, being facilities of a kind specified in the notice, would be available;

(b) parts for the goods, being parts of a kind specified in the notice, would be available; or

(c) facilities for the repair of the goods would be available at, or parts for the goods would be available from, a place or places specified in the notice,

the corporation is not liable to compensate the consumer for loss or damage suffered by the consumer by reason of the failure of the corporation to ensure that facilities of the kind specified in the notice, or parts of the kind specified in the notice, were available, or that facilities for the repair of the goods were available at, or parts for the goods were available from, a place or places specified in the notice, as the case may be.

“(4) In determining whether a corporation acted unreasonably in failing to ensure that facilities for the repair of goods were, or that a part was, reasonably available to the consumer at the relevant time, a court shall have regard to all the circumstances of the case, and in particular to the existence, at the relevant time, of circumstances that prevented those facilities or that part being so available, being circumstances beyond the control of the corporation.

**Actions in respect of noncompliance with express warranty**

“74g. (1) Where—

(a) a corporation, in trade or commerce, supplies goods manufactured by the corporation to another person who acquires the goods for re-supply;

(b) a person (whether or not the person who acquired the goods from the corporation) supplies the goods (otherwise than by way of sale by auction) to a consumer;

(c) the corporation fails to comply with an express warranty given or made by the corporation in relation to the goods; and

(d) the consumer suffers loss or damage by reason of the failure,

the corporation is liable to compensate the consumer for the loss or damage and the consumer may recover the amount of the compensation by action against the corporation in a court of competent jurisdiction.

“(2) For the purposes of any action instituted by a consumer against a corporation under this section, where—

(a) an undertaking, assertion or statement in relation to the quality, performance or characteristics of goods was given or made in connexion with the supply of the goods or in connexion with the promotion by any means of the supply or use of the goods; and

(b) the undertaking, assertion or statement would, if it had been given or made by the corporation or a person acting on its behalf, have constituted an express warranty in relation to the goods,

it shall be presumed that the undertaking, assertion or statement was given or made by the corporation or a person acting on its behalf unless the corporation proves that it did not give or make, and did not cause or permit the giving or making of, the undertaking, assertion or statement.

**Right of seller to recover against manufacturer or importer**

“74h. Where—

(a) a person (in this section referred to as the ‘seller’) is under a liability to another person (in this section referred to as the ‘consumer’) in respect of loss or damage suffered by the consumer as a result of a breach of a condition or warranty implied by a provision of Division 2 in a contract for the supply of goods (whether or not the goods are of a kind ordinarily acquired for personal, domestic or household use or consumption) by the seller to the consumer; and

(b) a third person (in this section referred to as the ‘manufacturer’)—

(i) is liable to compensate the consumer in respect of the same loss or damage by reason of a provision of this Division; or

(ii) in a case where the goods referred to in paragraph (a) are not of a kind ordinarily acquired for personal, domestic or household use or consumption—would, if the provisions of sections 74b, 74c, 74d and 74e applied in relation to those goods, be liable to compensate the consumer in respect of the same loss or damage by reason of any of those provisions,

the manufacturer is liable to indemnify the seller in respect of the liability of the seller to the consumer and the seller may, in respect of the manufacturer’s liability to indemnify the seller, institute an action against the manufacturer in a court of competent jurisdiction for such legal or equitable relief as the seller could have obtained if the liability of the manufacturer to indemnify the seller had arisen under a contract of indemnity made between the manufacturer and the seller.

**Time for commencing actions**

“74j. (1) Subject to this section, an action under a provision of this Division may be commenced at any time within 3 years after the day on which the cause of action accrued.

“(2) For the purposes of this section, a cause of action shall be deemed to have accrued—

(a) in the case of an action other than an action under section 74h, on the day on which the consumer first became aware, or ought reasonably to have become aware—

(i) in the case of an action under section 74b—that the goods were not reasonably fit for the purpose referred to in that section;

(ii) in the case of an action under section 74c—that the goods did not correspond with the description referred to in that section;

(iii) in the case of an action under section 74d—that the goods were not of merchantable quality;

(iv) in the case of an action under section 74e—that the bulk of the goods did not correspond with the sample in quality or the goods had the defect referred to in that section;

(v) in the case of an action under section 74f—that the goods required to be repaired or that the part was required for the goods, as the case may be; or

(vi) in the case of an action under section 74g—of the failure of the corporation to comply with the express warranty referred to in that section; or

(b) in the case of an action under section 74h, on—

(i) the day, or the first day, as the case may be, on which the seller referred to in that section made a payment in respect of, or otherwise discharged in whole or in part, the liability of that seller to the consumer; or

(ii) the day on which a proceeding was instituted by the consumer against that seller in respect of that liability or, if more than one such proceeding was instituted, the day on which the first such proceeding was instituted,

whichever was the earlier.

“(3) In an action under a provision of this Division, it is a defence if the defendant proves that the action was not commenced within 10 years after the time of the first supply to a consumer of the goods to which the action relates.

**Application of Division not to be excluded or modified**

“74k. (1) Any term of a contract (including a term that is not set out in the contract but is incorporated in the contract by another term of the contract) that purports to exclude, restrict or modify, or has the effect of excluding, restricting or modifying, any liability of a person to compensate or indemnify another person that may arise under this Division, is void.

“(2) A term of a contract shall not be taken to exclude, restrict or modify the application of a provision of this Division unless the term does so expressly or is inconsistent with that provision.

“(3) Nothing in this section applies to a term of a contract referred to in sub-section 74l (4).

**Limitation in certain circumstances of liability of manufacturer to seller**

“74l. (1) Notwithstanding section 74h but subject to this section, in the case of goods other than goods of a kind ordinarily acquired for personal, domestic or household use or consumption, the liability under that section of a manufacturer to a seller is limited to a liability to pay to the seller an amount equal to—

(a) the cost of replacing the goods;

(b) the cost of obtaining equivalent goods; or

(c) the cost of having the goods repaired,

whichever is the lowest amount.

“(2) Sub-section (1) does not apply in relation to particular goods if the seller establishes that it is not fair or reasonable for the liability of the manufacturer in respect of those goods to be limited as mentioned in sub-section (1).

“(3) In determining for the purposes of sub-section (2) whether or not it is fair or reasonable for the liability of a manufacturer to a seller in respect of goods to be limited as mentioned in sub-section (1), a court shall have regard to all the circumstances of the case and, in particular, to—

(a) the availability of suitable alternative sources of supply of the goods;

(b) the availability of equivalent goods; and

(c) whether the goods were manufactured, processed or adapted to the special order of the seller.

“(4) This section is subject to any term of a contract between the manufacturer and the seller imposing on the manufacturer a greater liability than the liability mentioned in sub-section (1).

“(5) In this section, the expressions ‘manufacturer’ and ‘seller’ have the same respective meanings as in section 74h.

**Heading**

**15.** The heading to Part VII of the Principal Act is amended by omitting “, NOTIFICATIONS AND CLEARANCES” and substituting “AND NOTIFICATIONS”.

**Power of Commission to grant authorizations**

**16.** Section 88 of the Principal Act is amended by inserting after sub-section (2) the following sub-section:

“(2a) The reference in paragraph (2) (a) to the supply or acquisition of goods by persons in competition with each other includes a reference to the supply or acquisition of goods by persons who, but for a provision of any contract, arrangement or understanding or of any proposed contract, arrangement or understanding, would be, or would be likely to be, in competition with each other in relation to the supply or acquisition of the goods.”.

**Determination of applications for authorizations**

**17.** Section 90 of the Principal Act is amended—

(a) by inserting in sub-section (6) “(other than conduct to which sub-section 47(6) or (7) applies)” after “conduct” (first occurring);

(b) by omitting “or” at the end of sub-paragraph (i) of paragraph (a) of sub-section (8);

(c) by adding “; or” at the end of sub-paragraph (ii) of paragraph (a) of sub-section (8); and

(d) by inserting after sub-paragraph (ii) of paragraph (a) of subsection (8) the following sub-paragraph:

“(iii) an authorization under sub-section 88(8) in respect of proposed conduct to which sub-section 47(6) or (7) applies,”.

**Heading**

**18.** The heading to Division 2 of Part VII is amended by omitting the words “*and Clearances*”*.*

**Notification of exclusive dealing**

**19.** Section 93 of the Principal Act is amended by inserting in sub-section (3) “has or would have the purpose or” before “has or is likely to have, or would have or be likely to have, the effect”.

**Regulations**

**20.** Any regulations that, immediately before the date of commencement of the *Trade Practices Amendment Act* 1977, were in force under sub-section 172(2) or (3) of the *Trade Practices Act* 1974 as amended and in force immediately before that date shall be deemed to have continued in force on and after that date as if they had been made under sub-section 172(2) of the *Trade Practices Act* 1974 as amended and in force on that date.