Welcome to Davies Collison Cave
July 09 Online E-Magazine.
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Foreword

Davies Collison Cave continues to win national and international awards, confirming our position as the leading Intellectual Property Law Firm in Australia. In May the firm won IP Specialist Law Firm of the Year Award for 2009 presented by the well respected Australasian Legal Business publication. Peter Huntsman a partner of the firm was elected International President of FICPI, indeed a tremendous honour for both Peter and the firm. The July edition of IP Update continues to provide editorials on the latest cases to keep you abreast of Intellectual Property news in Australia.

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Awards

Back to Back wins for Australia's leading Intellectual Property firm

The Macquarie Bank Australasian Law Awards are considered the highlight of the legal industry calendar. This esteemed event recognises the excellence of Australasia's lawyers, top deals and dealmakers within a given year and across a range of practice areas.

The awards are now in their fifth year and are highly regarded throughout the industry. On the night, more than 600 of Australasia's leading solicitors, in-house counsel, barristers, judiciary, investment bankers, accountants and senior business leaders were in attendance.

On 21 May, Richard Jarvis, Gavin Recchia, Chris Carter, Liz Lawson and Kimberley Evans attended the Australasian Legal Business Awards in Sydney. Davies Collison Cave was a finalist in the Specialist IP Firm category along with Griffith Hack, FB Rice, Truman Hoyle, and Hudson Gavin Martin. Davies Collison Cave won the award. Davies Collison Cave is the only firm to win the Specialist IP Firm Award back to back. This is the third year we have won this prestigious award, having previously won the award in 2006 and 2008.

Davies Collison Cave is delighted to receive this award. We take this opportunity to thank our clients and staff for their continued support.
Davies Collison Cave is delighted to announce that Peter Huntsman was elected as the President of the International Federation of Intellectual Property Attorneys (FICPI) at the organisation’s World Congress in Washington, DC in June for a 3 year term.

Peter has been involved with FICPI at the international level for about 15 years, and has been the president of FICPI Australia for the past 6 years.

FICPI is an organisation working for the interests of patent and trademark professionals worldwide, as well as for their clients and the Intellectual Property system as a whole. Established in 1906, FICPI is unique as the only international association whose membership consists solely of intellectual property professionals in private practice. It has around 4000 members, with the membership spanning some 86 countries.

FICPI’s work is wide ranging, touching every area of the fast changing Intellectual Property field. This month Peter led a FICPI delegation meeting with senior executives of the US Patent & Trademark Office to discuss activities and issues there, including their backlog of pending patent applications and the difficulties generally in achieving allowance of US patent applications.

In December 2009, Peter will lead another FICPI delegation to the Japanese Patent Office for similar high-level discussions, and likewise in April 2010 to the European Patent Office, the European Commission, the World Intellectual Property Organisation and the World Trade Organisation.

Apart from FICPI’s regular international meetings, Peter will also be attending a symposium presented by the Chinese group of FICPI in Shenzhen in November 2009 and leading a FICPI symposium in New Delhi, India in December 2009.

We are fully supporting Peter in this important new role, and wish him well in it.

Peter Huntsman was elected as the President of the International Federation of Intellectual Property Attorneys (FICPI) at the organisation’s World Congress in Washington, DC.
Australian Nanotechnology Alliance Executive Series program

The ANA Executive Series program is now running in Brisbane, Sydney, Melbourne and Canberra. The series showcases materials innovation in industry and research, with speakers sharing experiences on the impressive outcomes achieved through collaboration. Davies Collison Cave is delighted to be a sponsor of the ANA Executive Series program.

Brisbane Office

In Brisbane Showcasing CleanTech was the topic of choice. A cast of University of Queensland Experts discussed harnessing renewable materials for improved industrial performance. The evening was extremely well attended with over 60 attendees. Guest speakers on the evening included: Professor Max Lu, Acting Deputy Vice Chancellor (Research) and Director, ARC Centre for Excellence for Functional Nanomaterials, University of Queensland; (ii) Associate Professor Paul Meredith, XeroCoat Pty Ltd; and (iii) Dr Korneel Rabaey, Advanced Water Management Centre, University of Queensland.

Professor Lu outlined the various research projects currently being undertaken by staff within various Cleantech research areas at the University of Queensland including: (i) Clean Coal and Gas; (ii) Renewable Energy; and (iii) Energy Efficiency. Associate Professor Paul Meredith a founder of XeroCoat Pty Ltd, an organization providing smart coating technology for improving solar cell performance, took the audience through the steps in growing XeroCoat from a laboratory based concept to a successful business now located in the US. Dr Rabaey presented the latest developments on Bioelectrochemical system: Creating Sustainable Value from Wasterwater from the Advanced Water Management Centre at the University of Queensland.

Canberra Office

Professor Jim Williams (ANU), George Collins (CAST CRC) and Mark Hodge (Defence Materials Technology Centre, DMTC) were the inaugural speakers of the Canberra ANA series. Professor Williams, a most deserving recipient of an AO in this year’s Queen’s honours list, was (as always) an exceptional communicator on the importance of materials science while showcasing collaborative successes achieved at the Australian National University (ANU). George Collins and Mark Hodge, while only in their respective roles for less than 12 months, have achieved considerable success in collaboration with their research and industry partners to ensure Australia remains at world’s best practice.
DCC Sydney

Young Engineers Entrepreneurs Workshop

Whilst Engineers are great at solving technical problems, it takes specialist skills for an Engineer to venture into the unknown and start their own business. In recognising this, the Young Engineers Australia Sydney Division (YEAS), with the ongoing support of Davies Collison Cave, recently held their Entrepreneurs Workshop. The 2009 workshop provided an opportunity for Engineers to hear expert advice in select areas of business.

The Entrepreneurs Workshop has been held annually for several years, each year having different guest ‘entrepreneurs’ sharing their experiences and providing practical advice and tips to the attendees.

Glenn Downey of NICTA opened the evening’s proceedings by describing the commercialisation process - with a twist. Glenn highlighted that while the commercialisation process can be compared to an engineering system, its complexity is heightened due to business being primarily based upon people, thus making the journey exciting but also unpredictable!

One of the most important ways of guarding against unpredictability of business is by protecting the organisation’s intellectual property (IP). Simon Reynolds, a Patent and Trade mark Attorney of Davies Collison Cave and also the immediate past Chair of YEAS, discussed important aspects of Intellectual Property for the engineering industry including patents, trade marks and registered designs. A simple but practical example of a foldable drink tray, known as the “Skoonamoova”, was used to highlight how a product’s IP can be protected when creating a start-up business.

While protecting the core technology of a business is important, an equally important aspect is being able to market your product successfully. Alan Jones, a marketing strategist of Pollenizer, highlighted the skills and personality traits an entrepreneur needs and some of the marketing strategies a new business can employ.

Alan was followed by two Engineers who have the proven skills and experience of a successful entrepreneur - Chris Vonwiller and Lu Papi. Both Chris and Lu were Engineering Excellence Award winners in 2008. Chris discussed his involvement in co-founding Appen, an Australian based company providing speech and language technology to a number of international companies and governments. Lu Papi discussed some of the technology his consultancy had adopted in developing the Freedom Wheelchair which won the Innovation and Inventions Award sponsored by Davies Collison Cave and the Presidents Award, both presented at the 2008 Engineering Excellence Awards. Lu also shared some practical tips on issues to consider when starting a business.

Demand to attend the Entrepreneurs Workshop has been consistently high and as such Young Engineers Australia, with the support of Davies Collison Cave, is again extending the workshop to Brisbane in August 2009 and for the first time, to Newcastle in September 2009. Any member interested in attending can contact Simon Reynolds at sreynolds@davies.com.au.

A simple but practical example of a foldable drink tray, known as the “Skoonamoova”, was used to highlight how a product’s IP can be protected when creating a start-up business.
Sydney Innovation Series

The second Innovation Series luncheon for 2009 welcomed two highly respected leaders from within the medical research sector. Each speaker discussed how leading edge medical research discoveries will revolutionise both the healthcare industry and the lives of future generations.

In view of the global success of Australia’s own Cochlear Limited, Assoc Prof. Jim Patrick, Chief Scientist Senior Vice-President, Cochlear Limited, discussed his involvement in cochlear implant research, and how advances in biology and electro-neural interfaces can be applied to improve future implant designs.

Drawing upon her experience at the Australian Stem Cell Research Centre and the Institute of Molecular Bioscience, Professor Melissa Little, NHMRC Principal Research Fellow, Institute for Molecular Bioscience, The University of Queensland, discussed ‘New discoveries in Tissue Regeneration’ and how Stem Cell therapy will be the next great advance in medicine.

Davies Collison Cave are delighted to be involved in the Sydney Innovation Series.

Each speaker discussed how leading edge medical research discoveries will revolutionise both the healthcare industry and the lives of future generations.

Davies Collison Cave is pleased to announce we are moving the location of our Newcastle Office effective 1 July to:
Hunter Business Centre
265 King Street, Newcastle West, New South Wales 2302
Our telephone number remains the same: 02 4960 8366
This year's BIO conference, themed “Heal, Fuel and Feed the World”, was held in Atlanta from 17 to 22 May. Davies Collison Cave was represented by Michael Caine, John Hannebery, John Hughes, Tania Obranovich, Bill Pickering and Alistair Smith, with additional support from Annie Hughes.

Despite the global financial situation and swine flu, the conference still attracted over 15,000 attendees and went remarkably smoothly.

DCC hosted a function for a number of Australian based clients, as well as overseas associates and other attendees. The event was held at The Mark Ultralounge, a trendy basement bar/club located in downtown Atlanta. The venue rapidly filled with a steady stream of guests after the conclusion of the official conference Welcome Reception. The main bar was soon packed and guests flowed onto the dance floor.

At this point, Michael Caine put on his official photographer’s hat, and spent time taking snaps of the guests, while the rest of us mingled and networked. Judging by the fact that we had to extend the event two hours beyond the intended closing time, a good time was clearly had by all.
The International Trade Mark Association ("INTA") recently held its annual meeting in the picturesque city of Seattle. Despite the gloom of the world’s financial markets and the ever present threat of the dreaded swine flu, over 6,500 attendees from the far corners of the world ventured to Seattle for the INTA Conference.

This year Davies Collison Cave sent a contingent of ten including INTA rookies Joy Atacador, Sally Foreman and Tony Lolis.

The Conference provides a unique opportunity for the firm to personally meet with new and existing overseas associates and corporate clients in both a business and social context.

Challenging its reputation, Seattle rewarded attendees with four beautiful, warm sunny days. Home to Microsoft and birthplace of the iconic Starbucks, Seattle is an inviting and clean city with most hotels and venues within walking distance.

Davies Collison Cave held a function on the deck of the Red Lion Hotel on a sparkling Seattle afternoon. There is something about Australian wines, music, food, canned soft toy koalas and blow up kangaroos which is conjusive to a good party! We were delighted to welcome over 500 guests to our event. Fortunately the weather was perfect for such an outdoor event.

Despite the somewhat negative world outlook, the INTA Conference was a great success and we look forward to seeing everyone in Boston next year.

On 20 & 21 May envirohunter 09 was held at the Newcastle Jockey Club in Broadmeadow. This was the inaugural envirohunter event and consisted of an exhibition plus conference. The conference included 28 sessions and a total of 38 stands in the exhibition. The event attracted over 450 visitors over the two day period. Damon Henshaw and Will Hird partners of Davies Collison Cave, provided an Intellectual Property Session and erected an enviro friendly booth including the Paper Tiger furniture tables and stools made from paper with a carrying capacity of 150kg!

The Conference provides a unique opportunity for the firm to personally meet with new and existing overseas associates and corporate clients in both a business and social context.
FACTS OF THE CASE
At the centre of the dispute was the IceGuide, an electronic program guide ("EPG") first produced by IceTV in 2005. The IceGuide is a subscription-based service which provides subscribers with a weekly or daily television guide for free-to-air digital television. IceTV manually produced the first version of its IceGuide by observing (over a 3-week period) the time and day on which free-to-air television programs were broadcast, and using those observations to predict what a particular week’s television program schedule was likely to be. Each week’s IceGuide was created using the previous week’s guide as a template to predict which programs would be shown on which channel and at what time. IceTV obtained episode information and program synopses from sources such as the official websites for various television programs. As the final step in the creation of the IceGuide, IceTV staff checked the IceGuide against the television guides published in newspapers, magazines or online (“the Published Television Guides”) to determine the accuracy of the IceGuide and to correct any last-minute changes in programming.

It was this final step in the creation of the IceGuide that the Nine Network ("Nine") alleged was an infringement of its copyright. Nine asserted that it owned copyright in its own weekly television program scheduling guides ("the Weekly Schedules"), and that IceTV had infringed its copyright in those Weekly Schedules by reproducing a substantial part of them, namely the time and title information for the shows that were scheduled to be broadcast, without authorisation from Nine.

At first instance, Justice Bennett of the Federal Court held that IceTV had not infringed Nine’s copyright as it had not reproduced a substantial part of the Weekly Schedules. The Full Federal Court overturned that decision in May 2008, holding that a substantial part of Nine’s Weekly Schedules had been reproduced by IceTV without Nine’s authorisation.

THE DECISION
The High Court’s decision (handed down in two separate judgments), focussed on the question of what Australian copyright law is designed to protect. The Court emphasised that copyright law is not designed to protect facts, but rather to protect the way in which those facts are expressed. In this case the “facts” were the pieces of program time and title information obtained by IceTV from the published television guides. The “expression” of those facts was the arrangement of that information into Nine’s Weekly Schedules, in chronological order.

The High Court did not have to decide whether or not the Weekly Schedules themselves were actually protected by copyright law, as IceTV had conceded that copyright subsisted in the Weekly Schedules and that Nine owned that copyright. The High Court was asked to consider whether IceTV’s conduct in taking time and title information for selected programs (including Channel Nine programs) from the Published Television Guides in order to improve the accuracy of the IceGuide, involved taking a substantial part of Nine’s Weekly Schedules. If a substantial part had not been taken, there could be no copyright infringement.

The High Court unanimously held that IceTV had not infringed Nine’s copyright. The Court delivered its reasons in two separate judgments.

French CJ, Crennan and Kiefel JJ held that the expression of the time and title information taken by IceTV from Nine’s Weekly Schedules was not sufficiently original as to constitute a substantial part of Nine’s copyright. This was because their Honours did not consider that there was any substantial originality in the arrangement of the time and title information in chronological order, in Nine’s Weekly Schedules. To the extent that any skill and labour had been invested by Nine’s employees in arranging the time and title information in the Weekly Schedules, that skill and labour was considered to be minimal in relation to expressing that information.

Gummow, Hayne and Heydon JJ held that although IceTV had appropriated Nine’s skill and labour in the Weekly Schedules, it did not mean that IceTV had infringed Nine’s copyright. Their Honours said that the relevant question, for copyright purposes, was whether the material that had been taken was sufficiently original so as to attract copyright protection. In their Honours’ view, the originality in the Weekly Schedules lay in the selection and presentation of the Schedules as a whole (including time and title information, synopses and other additional programme information), not in the expression of the time and title information itself.

Synopsis
In a landmark decision on Australian copyright law, the High Court recently overturned a decision of the Full Federal Court and unanimously held that IceTV had not infringed the Nine Network’s copyright in its television schedules.
In both judgments the Court emphasised that when determining whether a substantial part of a copyright work has been reproduced, the assessment of substantiality must be made qualitatively as well as quantitatively. Further, French CJ, Crennan and Kiefel JJ held that it was “unhelpful”, when determining substantiality, to refer to the “commercial value” of the information that has been taken, because it directs attention to the information itself, rather than to the expression of that information.

CONCLUSION

The IceTV decision may signal a shift in Australian copyright law in relation to the concept of originality, away from protecting any work in which “labour and expense” has been invested, towards an approach which is closer to the United States’ position, in which it is harder to obtain copyright protection for factual compilations.

The decision demonstrates the High Court’s concern that Australian copyright law has begun to stray outside its traditional boundaries, perhaps as a result of a misplaced focus on the misappropriation of skill and labour. The underlying message from the High Court appears to be that just because significant time and money has been spent creating or compiling a valuable work such as a compilation or database, does not mean that the work can, or should, be protected under copyright law. The judgments in the IceTV decision also evidence a desire by the High Court to return to a “first principles” approach to copyright law, to ensure that copyright protection is granted only to material which is truly intended to be covered by copyright legislation, regardless of its commercial value or importance.

However, the IceTV decision also leaves Australian copyright law in a state of flux, at least in relation to copyright protection of factual compilations. The impact of this decision on the activities of Australian businesses, in an age where the creation and manipulation of factual compilations has become more prevalent and commercially important, remains to be seen.

So, to borrow a phrase from the world of television programming: stay tuned for further developments.

Authors: David Webber, Partner
Miriam Zanker, Associate

The Court emphasised that copyright law is not designed to protect facts, but rather to protect the way in which those facts are expressed.
Bavaria - A beer or a state - recognising geographical indications


**Case study 2**

**Synopsis**

In appeal proceedings from a decision of the Trade Marks Office the Federal Court has had its first opportunity to consider the extent of protection to be provided to geographical indications under section 61 of the Trade Marks Act 1995 (Cth).

**FACTS OF THE CASE**

Bayerischer Brauerbund eV, the Bavarian Brewery Association (BBA) representing 240 Bavarian Brewers, opposed registration of the following trade mark by Bavaria NV.

Bavaria NV is a long established company producing beers by a brewing method they claim to be commonly known as the Bavarian method. Their beers are brewed in the Netherlands.

BBA claimed that in Australia the word Bavaria on beer indicates that the beer would originate in Bavaria and that the use of this geographical term indicates that the beer posses a quality or reputation or other characteristic associated with its geographical origin. Further BBA contended that on the basis that BAYERISCHES BIER (meaning BAVARIAN BEER) is a recognised geographical expression in the European Union the word Bavaria also constitutes a geographical indication which should also result in rejection of the trade mark under the provisions of the Trade Marks Act 1995 (Cth) (“the Act”) which preclude registration of trade marks containing or consisting of geographical indications (Section 61).

**THE DECISION**

Recognition of Geographical Indications

Section 6 of the Trade Marks Act 1995 defines a geographical indication in relation to goods originating from another country as a ‘sign recognised [in that country] as indicating that the goods originate in that country, region or locality and have a quality, reputation or other characteristic attributable to their geographical origin’. In original proceedings before the Trade Marks Office, the Hearing Officer determined that a geographical indication was recognised for the purposes of Section 6 if it was a sign “which has received some kind of acknowledgment”. In the Federal Court proceedings, Justice Bennett concluded that this was not enough to confer recognition within the meaning of the Act. In her view “long term use short of formal recognition is not enough, rather recognition requires something of a formal nature”. This would include registration of the geographical indication in the country of origin or recognition by some formal administrative process being undertaken or by bilateral treaty arrangement.

In this case Justice Bennett was satisfied that the expression ‘Bayerisches Bier’ is registered as a protected geographical indication (PGI) under the relevant EC regulations and as such was “recognised” for the purposes of Section 6 of the Act. She also accepted the Lady Bavaria design trade mark of BBA as registered in Germany and certain other designated countries by Madrid Protocol extension, which includes the expression GENUINE BAVARIAN BEER was recognised not only as a trade mark but as a sign of geographical indication in Germany. On this basis, and subject to any European Court of Justice determination to the contrary, Justice Bennett considered that the Lady Bavaria trade mark was also a sign that satisfied the provisions of recognition under Section 6. However in terms of Section 61 she concluded that the ground of opposition was not made out because the trade mark of Bavaria NV did not contain or consist of a sign that is a geographical indication for goods. This is because in terms of Section 61 the sign in question and geographical identification must be identical. In this case, “the recognised signs are the Lady Bavaria trade mark which includes the phrase GENUINE BAVARIAN BEER and BAYERISCHES BIER which translates as BAVARIAN BEER”. Her Honour, as had the Hearing Officer earlier, concluded that “Bavarian Beer” is not the same as “Bavaria” or “Bavarian Holland Beer” and thus the opposition by BBA could not succeed on this basis. Her Honour also went on to note that had BBA been able to establish that BAVARIA was a recognised geographical indication and had therefore been able to successfully invoke the provisions of Section 61 of the Act, Bavaria NV would have had a defence under Section 61(2)(c). This section provides an automatic defence where a trade mark has been used prior to a geographical indication being recognised. While her Honour noted that goods bearing the trade mark the subject of the application were not sold in Australia prior to the date of the geographical indication being recognised, Bavaria NV had sold beer with labels including the word BAVARIA prior to that time, and this would have been sufficient to establish the defence.
Geographical connotations

BBA also sought to establish that the connotation of the trade mark merely by inclusion of the word BAVARIA, was enough that use of the trade mark, would be likely to deceive or cause confusion (Section 43). While BBA had been successful before the Trade Marks Office in claiming the word BAVARIA in the trade mark meant that use of the trade mark in relation to beer not from Bavaria would be likely to deceive or cause confusion and that Bavaria NV had not led evidence to refute that consumers would see the word Bavaria as anything other than a geographical indication of origin, Justice Bennett of the Federal Court found to the contrary. Her Honour emphasised the requirement under Section 43 “not only that the connotation of the trade mark be established but also that, because of the connotation, the use of the trade mark in relation to the goods will be likely to deceive or cause confusion”. The evidence concerning tourism or travel was not, in her opinion, sufficient of itself to establish consumer recognition of the association of Bavaria with beer. Her Honour considered that “while an ordinary consumer in Australia would be aware that Bavaria is a State in Germany, as a matter of common knowledge “from the evidence as led she was “not satisfied that the consumer would associate the trade mark with the State in Germany”. Nor was she satisfied that the trade mark connotes more than a European origin of the beer, or that the beer had characteristics attributable to a Bavarian origin. In the absence of direct evidence it was Her Honour’s view that “the reasonable consumer would not fail to observe the three references to “Holland”, which at least neutralise the connotation with the State of Bavaria”.

OTHER MATTERS OF JUDICIAL CONSIDERATION

Her Honour considered the trade mark of Bavaria NV to be inherently adapted to distinguish as per Section 41 of the Act, albeit she considered “the matter is not without difficulty”. However her Honour noted that if she had not found the trade mark inherently distinctive, the evidence was not sufficient to have qualified the trade mark for registration as a trade mark capable of distinguishing under Section 41(5), as use of the trade mark had discontinued. Thus projection to a future capability to distinguish was not possible. Neither would the evidence have been sufficient to overcome a finding that the trade mark was not inherently adapted to distinguish to any extent under Section 41(6).

In delivering her judgement Justice Bennett also considered whether there existed a discretion in still deciding opposition proceedings in favour of the Opponent when none of the specific opposition grounds have been established. Section 55 of the Act provides that unless the proceedings are discontinued or dismissed, the Registrar must, at the conclusion of proceedings make a decision “having regard to the extent (if any) to which any ground on which the application was opposed had been established”. Her Honour concluded that where no grounds of opposition have been established, neither the Registrar nor the Court retains any discretion to still refuse to register the trade mark.

Author: Marion Heathcote, Partner
Case study 3

Court Exercises Discretion Not to Remove The Trade Mark Pioneer

Synopsis
The Federal Court has taken into account technological development and convergence in exercising its discretion when considering whether to remove goods and services from a registered trade mark on the grounds of non-use.

The decision is especially important because of its discussion of the circumstances in which the Court would be willing to exercise its discretion not to remove, or partially remove, a registered trade mark even if non-use of the trade mark is established.

FACTS OF THE CASE
Pioneer KK is the registered owner in Australia of the trade mark PIONEER for goods in Class 9 and services in Class 37. Pioneer Computers Australia Pty Limited (Pioneer Computers) applied to remove certain goods and certain services from the registered trade mark PIONEER on the grounds of non-use.

In proceedings before the Trade Marks Office, the Registrar’s delegate found that although Pioneer KK had used its trade marks on computer peripherals, no use of the trade marks had been shown on the goods or services sought to be removed from the registrations. Even so the delegate decided that it was not viable to limit the registrations by removing those goods and services from the registered trade mark PIONEER on the grounds of non-use.

In proceedings before the Trade Marks Office, the Registrar’s delegate found that although Pioneer KK had used its trade marks on computer peripherals, no use of the trade marks had been shown on the goods or services sought to be removed from the registrations. Even so the delegate decided that it was not viable to limit the registrations by removing those goods and services from the registered trade mark PIONEER on the grounds of non-use.

In exercising the discretion provided under the Trade Marks Act, the delegate concluded that the public interest was best served by not deleting the specified goods or services from the registrations.

Pioneer Computers appealed the delegate’s decision and the matter came before Collier, J. of the Federal Court (Pioneer Computers Australia Pty Limited v Pioneer KK (2009) FCA 135 (23 February 2009)).

THE DECISION
In assessing Pioneer KK’s use of the trade mark PIONEER the judge said that to maintain the registration of a mark in respect of a category of goods, it was not necessary to establish that the mark had been used on every type of product which might come within that particular term or description of goods. Even accepting that the term “computer peripheral devices” covered only devices connected externally to a computer, Pioneer KK had established use in the relevant period in respect of some computer peripherals, such as DVD-ROM drives, DVD writers and computer data storage jukeboxes. That, in the judge’s view, was sufficient to establish Pioneer KK’s right to maintain the registration in respect of the category of computer peripheral devices. According to the judge the category of computer peripherals is not closed and has changed in content since registration.

On that basis, the judge was satisfied that Pioneer KK had established use of its trade mark during the relevant period on some computer peripheral devices, namely, optical disc drives and jukeboxes, but it had not established use on any of the other goods sought to be removed. Even so, the judge’s view was that there was sufficient convergence between consumer electronic products and computer products such that even though no use has been established during the relevant period across the entire category of computer peripherals, the public would still associate the PIONEER mark with Pioneer KK. However, the judge was not satisfied that the services provided by Pioneer KK extended to the services sought to be removed.

In relation to authorised use Pioneer Computers contended that use of the registered trade marks by Pioneer Australia for services provided by the Australian company did not accrue to Pioneer KK and that the mere fact that Pioneer Australia was a wholly-owned subsidiary and distributor of Pioneer KK’s products did not establish any relevant control during the non-use period. However, the products sold by Pioneer Australia were created and supplied by or on behalf of Pioneer KK and, said the judge, the quality control of manufacture was exercised by the Japanese company. According to the judge, that control extended to both goods and services and the judge concluded that use of the trade marks by Pioneer Australia was under the control of Pioneer KK and authorised by it.

In considering the exercise of the Court’s discretion the judge proceeded on the basis that the underlying policy of the Act was to give the Court sufficient flexibility to give effect to public interest considerations. Furthermore, it was the judge’s view that use of a trade mark on closely related goods or services could be
taken into account in considering the exercise of the discretionary powers conferred by the Act. The judge also accepted that the rights arising from the registration of a trade mark should not be confined to the stage of technological development of goods specified when the mark was registered.

The judge also considered that Pioneer KK’s strong reputation in relation to products for the home, car and business (including computer related products and services related to those products) coupled with the concepts of brand extension and convergence would be highly likely to cause consumers to believe that there was an association with Pioneer KK and other goods sold under the name PIONEER. The judge was satisfied that both during and by the end of the relevant period, the average consumer would be familiar with the convergence of technologies and the uses to which the technologies had been put and the fact that this has enabled various manufacturers to expand their products to cover what might previously have been separate product lines of computer goods and audio-visual products. The result, according to the judge, is that consumers would be led to believe that a computer, audio-visual or multimedia product sold under the name PIONEER would be associated with Pioneer KK.

While this proposition was accepted in relation to the goods, the judge did not accept its application in relation to the services sought to be removed. Pioneer KK failed to establish use of the Pioneer KK trade marks on those services and the concepts of convergence and brand extension did not support the exercise of the discretion in favour of maintaining the registrations for those services.

According to the judge the factors in favour of maintaining the marks on the register had more to do with the public interest and the judge concluded that it was appropriate to exercise the discretion not to remove the goods. The considerations that favoured the exercise of the discretion in relation to the goods did not apply to the relevant services. On that basis the judge decided that those services should be removed from the second Pioneer KK registration.

CONCLUSION

At the end of the day, Pioneer KK was largely successful in retaining its trade mark registrations. However, Pioneer Computers achieved partial cancellation in respect of the trade mark PIONEER for certain services. The decision is especially important because of its discussion of the circumstances in which the Court would be willing to exercise its discretion not to remove, or partially remove, a registered trade mark even if non-use of the trade mark is established.

Author: Trevor Stevens, Partner
**Case study 4**

Digging Your Own Hole – Ineffective Expert Evidence

**PAC Mining Pty Ltd v Esco Corporation** [2009] FCAFC 18 (4 March 2009).

**Synopsis**
This patent case concerned the questions of obviousness, claim construction and the weight given to evidence of an inventor. The decision demonstrates a purposive interpretation of claim language where an understanding of how the invention works was taken into account, as opposed to a more literal interpretation. The decision also clarifies that evidence from an inventor concerning obviousness is not to be given special weight merely because it is from an inventor.

**FACTS OF THE CASE**
This case is an appeal heard by the Full Federal Court in the NSW District Registry. The appellants, “PAC Mining”, were found to have infringed one of two patents in suit by the primary Judge in the lower Court. The respondents, “Esco”, cross-appealed against a finding of non-infringement with respect to the other patent in suit. The primary Judge also dismissed PAC Mining’s challenges to the validity of both patents.

The patents in the case were AU 696355 ("Jones II") and AU 743348 ("Jones III") (see illustration), which differ only in the claim sets. The technical field is that of wear assemblies mounted on the digging edges of mechanical excavator buckets for digging into and collecting soil, rock, etc. The proceedings specifically concerned the means by which wear assemblies are attached to excavator buckets.

**Weight of inventor’s evidence**
The PAC Mining relied upon the evidence of Prof. Wightley. Before expressing his opinions, Prof. Wightley was shown an earlier US patent ("Jones I") and each of the patents in suit. Esco relied upon the evidence of Mr McClanahan, one of the inventors of Jones II and Jones III. Mr McClanahan gave evidence of steps taken by the inventors.

The primary Judge accepted Mr McClanahan’s evidence, and, while not specifically rejecting that of Prof. Wightley, did not accept Prof. Wightley’s conclusion concerning obviousness. The primary Judge stated: “It is also important in this case to note that when deciding whether there has been an inventive step the courts have attached considerable weight to the evidence of the inventor: see Terrell, The Law of Patents (3rd ed, 1994) at 5.92. In this respect I give weight to the evidence of Mr McClanahan.”

The primary Judge also took the view that Prof. Wightley’s conclusion was: “reduced in weight by hindsight assumptions related to the nature of the problem, the need for a new design and the solution ultimately developed.”

In their submissions on appeal, PAC Mining attacked the primary Judge’s conclusion that considerable weight should be attached to the evidence of the inventor. PAC Mining submitted that the reference to Terrell was mistaken, and that the proposition was, in any event, wrong.

**THE DECISION**
The Full Court highlighted that the question in the present case relates not to admissibility (nor even to discoverability) but to utility. Relying on Wellcome Foundation v VR Laboratories (Aust) Pty Ltd (1981) 148 CLR 262, the Court found that there is no general proposition of law that, when questions of obviousness are in issue, considerable weight should be given to the evidence of the inventor. The Court held that Mr McClanahan’s evidence should not have been given special weight, by reason only of the fact that he was the inventor.

The primary Judge took the view that the value of Prof. Wightley’s evidence was compromised by reason of the circumstance that, from the outset, he had been exposed to the "Jones I" patent, as well as to the patents in suit. The Court found Prof. Wightley, from the outset, knew the problem, and he knew the solution; and that the authorities make it clear that the caution with which the primary Judge approached the evidence of Prof. Wightley was both justified and desirable.

The Court did not believe that the primary Judge based his final determination upon his initial view that Mr McClanahan’s evidence was to be given considerable weight. The Court found the aspect which most strongly compromised by reason of the circumstance that Prof. Wightley’s opinion had to be discounted because it was formed with the advantage of hindsight. The Court stated the matter of obviousness was one for PAC Mining to establish, and the primary Judge was correct to hold that they had not done so.

**Claim construction issues**
In the appeal decision, the Court considered construction of the claims in some detail. The Court firstly considered the term “digging edge”, used in at least some claims. PAC Mining had submitted that the digging edge was the very front extremity of the face of the bucket, akin to the cutting edge of a knife. PAC Mining argued that the boss in their “T-bolt” and “J-bolt” assemblies (the alleged infringing products in issue) is fixed onto the flat surface of the excavator bucket, a small distance back from the digging edge. PAC Mining argued that no part of the boss is attached to, or fixed to, the digging edge, contrary to the requirement of the claims.

Esco submitted that the digging edge was the front “portion” of the digging face of the bucket, including the extremity thereof, but extending also a short distance back therefrom. However, in rejecting this submission, the Court found there are clear indications in the claims in the Jones II patent that the expression “digging edge” includes a reference to the flat surface of the bucket somewhat to the rear of the extremity.

The Court next considered whether either of PAC Mining’s shroud assemblies incorporate an opening extending “through” the rearwardly extending leg of the wear member, as required by at least some claims. The point on the cross-appeal was whether the claims should be construed so as to require that the opening referred to must pass the whole way through the body of the assembly, or whether it is sufficient if the opening passes some distance only through the body. The Court found, in the context of the claims, that to say the opening extends “through” the body is to say that it commences at one side, end or extremity, and ends at another. This understanding of
“through” in the present context is confirmed by the sense conveyed by the word “extending” also used in the claims. That word implies that the opening passes wholly through the object referred to.

In the appeal, PAC Mining submitted that the primary Judge did not “reflect a commonsense and practical approach to the interpretation of the claim” but adopted an approach “based upon an over-meticulous and fragmentary analysis of language used in the claim”. The Full Court found there was some justification in this criticism. The Court determined that the primary Judge “did not come to grips with a central aspect of the appellants’ case that required an identification of the basic mechanical principles involved in … the means of operation of the lock, … and not merely a grammatical sense”.

The Court considered it necessary to further investigate the term “lock” as used in the claims. The word “lock” is qualified by the requirement that it be “rigid”. The Court stated that “to know what is here claimed by the inventors, one needs to understand how it is proposed that the lock should work” and found the debate between Prof. Wightley and Mr Alden as to the engineering concepts to be relevant to a practical understanding of the claims in suit.

The Court apparently believed that an appreciation of the context of the lock sitting between faces to be held apart was critical. The Court found the primary Judge considered that there was no requirement for the lock to be rigid at the point of insertion into the opening, and that a lock could be “received” into the opening notwithstanding that it did not sit wholly therewithin. The Court also found that by dividing the problem up in this way, and by treating it substantially as a grammatical one, the primary Judge failed:

“to read the relevant paragraphs of the claims as a whole and in a practical way with a view to identifying, as a matter of engineering rather than merely of wording, the limits of the invention there claimed.”

The Court’s view was that the most natural thing which the words of the claim convey is a lock component whose function is to keep things apart. The Court found PAC Mining’s point in this regard had not been properly addressed. It at least involved the proposition that the condition of rigidity was different from, and should exist before, any final condition brought about by the process of adjustment. The primary Judge did not accept the position for which PAC Mining contended and took the view that the condition of rigidity was to be determined after the lock had been adjusted.

The Court found PAC Mining’s J-bolt assembly does not incorporate a lock with the characteristics of that claimed. The function of the bolt is to hold things together. It does not have the characteristics or the function required by the claim, that is to maintain separation generally within the confines of the opening. Further, the Court found the J-bolt assembly could not be described as rigid without the nut having been secured tight. The Court considered that the relevant claim is concerned with a lock which operates as such by reason of its initial rigidity and its placement in the opening there referred to, at which point no question of tightening or adjustment arises. Neither did the Court accept that the nut on the threaded tail of PAC Mining’s J-bolt falls within the meaning of an “adjustment assembly” as claimed.

The Court found there was no patent infringement by PAC Mining, but that the patents are valid.

**COMMENTARY**

This decision of the Full Federal Court highlights the importance an expert witness plays in the issue of determining inventive step, and the critical importance of how that expert is instructed pre-trial. If tainted by hindsight, expert evidence can have very little weight and effectively be dismissed.

The decision also clarifies that evidence from an inventor concerning obviousness is not to be given any special weight merely because the evidence comes from an inventor.

Interestingly, the Court appears to endorse a more purposive interpretation of claim language, where an understanding of how the invention works was taken into account, as opposed to a more literal interpretation of claim language. While such an approach can have benefits in interpreting claims of questionable clarity, it may also impose a degree of uncertainty on how a claim will be interpreted by a Court. This highlights the care that must be taken when drafting patent specifications.

The case is support for clients finding themselves in a position of wanting to “read down” patent claims in a practical way, as a matter of engineering rather than merely of wording, to determine the limits of a patent claim.

Author: Chris Carter, Partner
Case study 5

Beware of Earlier Inclusions in the ARTG


Synopsis
A delegate of the Commissioner of Patents has rejected an application for an extension of patent term by G.D Searle LLC on the basis that the application was not made within 6 months of the earliest inclusion in the Australian Register of Therapeutic Goods (ARTG) of a relevant pharmaceutical substance.

FACTS OF THE CASE
Searle G.D Searle LLC (Searle), applied for a patent term extension for Patent No 680635 on the basis of the inclusion of goods containing darunavir (as goods called PREZISTA) in the ARTG (sponsored by Janssen-Cilag Pty Ltd). During examination of the application for extension, it was noted that goods containing another substance within the scope of the claims of the patent, amprenavir, had an earlier inclusion in the ARTG (as goods called AGENERASE and sponsored by GlaxoSmithkline Australia Pty Ltd). As a consequence, the Senior Examiner held that Searle’s application for extension had not been made within the statutory six months from the first inclusion in the ARTG of goods that contain the substance. Searle requested a hearing.

THE DECISION
The relevant provision under consideration was subsection 71(2)(b) which requires that an application for an extension must be made within six months of the date of commencement of the first inclusion in the ARTG of goods that contain, or consist of, any of the pharmaceutical substances (which must in substance be disclosed in the complete specification and in substance fall within the scope of the claim or claims).

The Senior Examiner placed emphasis on the expression “the first inclusion”, taking the view that this required an application to be made within six months of the earliest inclusion in the ARTG of a good that contained or consisted of a relevant pharmaceutical substance. In contrast, Searle was of the view that the relevant phrase was “any of the pharmaceutical substances,” “and that” first inclusion” referred to the first inclusion of goods consisting of a particular substance, reflecting the recognition that a substance can have several entries in the ARTG with respect to different goods or listings. As a consequence, it was asserted by Searle that the six month period is started afresh by each first inclusion in the ARTG.

Acknowledging that either interpretation could be fairly read and that the matter at hand was an issue of construction, the Delegate examined the relevant provisions and noted that section 77, which determines the extension term, refers to the earliest first regulatory approval. The Federal Court, in Pfizer Corp v Commissioner of Patents (no 2) [2006] FCA 1176, had previously made clear that this refers to the earliest inclusion in the ARTG and accordingly, the Delegate favoured an interpretation in which the expression “the first inclusion” refers to the inclusion of the first pharmaceutical substance.

In doing so, the Delegate rejected Searle’s contention that such a construction operates unfairly to the patentee when the first inclusion of relevant goods in the ARTG is sponsored by another party, particularly as in this instance the term of extension based on AGENERASE would be some two years shorter than that based on PREZISTA. The Delegate held that it is not open to the Commissioner to calculate the term of extension only on the basis of goods sponsored by the patentee, and that in any event, the goods on which Searle relied were also sponsored by another party.

It was acknowledged that it was not incumbent on the patentee to search the ARTG for all possible goods containing or consisting of substances covered by their patent, however, once aware of an earlier regulatory approval of relevant goods, the patentee has an obligation to inform the Commissioner of this fact and the application must be amended, and if appropriate, an extension of time must be sought in which to make the application. Indeed, the Delegate noted that failure to inform the Commissioner of an earlier relevant inclusion could be an offence under section 191, punishable by imprisonment, for the making of a false entry in the (Patent) Register. Likewise, the Commissioner is not required to carry out a search of the ARTG, however, the Commissioner is not prevented from undertaking a suitable investigation, and if aware of an earlier inclusion, must bring that to the patentee’s attention so that the application can be correctly made.

COMMENTARY
Although it is not clear from the decision whether the sponsor of the first registered product was a licensee of Searle, this decision does serve as a warning to patentees to remain alert to activities undertaken by a licensee to register or list a licensed pharmaceutical substance in the ARTG, particularly where the patentee intends to register a different pharmaceutical substance under the same patent. If it is anticipated that a patent may encompass more than one pharmaceutical substance intended for inclusion into the ARTG, then consideration should be given to filing one
or more divisional applications prior to grant so that an extension of term may be sought in respect of each first inclusion of a pharmaceutical substance.

The decision also has the effect that a listing or registration in the ARTG by an unauthorised third party may reduce or even nullify the term of extension to which a patentee might otherwise be entitled. Whilst the Delegate expressed the view that appropriate redress could be sought in an action for infringement, under section 119A the mere act of seeking and obtaining registration is in itself no infringement, and in the absence of any further unauthorised exploitation of the invention, no redress would appear available. In any event, even if subsequent to registration the activities of the unauthorised party amount to infringement, a remedy of damages as a result of a reduced period of monopoly may be difficult to assess or quantify, particularly if a patentee does not obtain marketing approval until towards the end of the standard twenty year patent term.

Author: Paula de Bruyn, Partner

this decision does serve as a warning to patentees to remain alert to activities undertaken by a licensee to register or list a licensed pharmaceutical substance in the ARTG.
Case study 6

Cadbury and Amcor - No Privilege in ACCC witness statements

ACCC v Cadbury Schweppes Pty Ltd & Ors [2009] FCAFC 32.

Synopsis
In the interlocutory decision of ACCC v Cadbury Schweppes Pty Ltd & Ors [2009] FCAFC 32, the Full Court held that legal professional privilege (LPP) does not subsist in witness statements once they are in the form in which they are intended to be served on a party’s opponent in litigation. The Full Court went on to find that if LPP had subsisted in the statements, service of them amounted to a complete waiver. The statements were served in one proceeding and ordered to be produced in a subsequent proceeding after Visy was released from the implied undertaking recognised in Harman [1983] 1 AC 280 not to use the statements for any ulterior or collateral purpose.

FACTS OF THE CASE

In the earlier high profile case brought by the ACCC against Visy for colluding with Amcor to fix prices in the cardboard box market (the ACCC proceeding), the ACCC was ordered to file and serve on Visy the witness statements on which it intended to rely in the proceeding. The ACCC subsequently filed and served 111 witness statements summarising statements made to ACCC investigators. On 2 November 2007, judgment was pronounced on facts agreed between the parties without the witness statements being admitted into evidence or the witnesses being called to give oral evidence. As was well publicised, Amcor assisted the ACCC to prosecute its claims in return for immunity from prosecution.

Cadbury subsequently brought proceedings against Amcor (which cross-claimed against Visy) (the Cadbury proceeding) seeking damages for losses incurred due to the price fixing. The ACCC is an intervening party in the Cadbury proceeding. In the Cadbury proceeding, Gordon J ordered Visy to produce the 111 witness statements which had been served on Visy by the ACCC in the ACCC proceeding. To allow Visy to do so, Gordon J ordered that Visy be released from the implied undertaking given to the Court not to use the witness statements for a purpose outside the ACCC proceeding. Such an implied undertaking is given by every party inspecting a document produced in a proceeding and it prevents that party from using the document otherwise than for the legitimate purposes of the proceeding (Harman v Secretary of State for Home Department [1983] 1 AC 280). Justice Gordon released Visy from the implied undertaking on the basis that the issues in the Cadbury proceeding were not substantially different to the issues in the ACCC proceeding and production of the witness statements would contribute to achieving justice in the Cadbury proceeding. The ACCC, concerned that the immunity granted to Amcor in the ACCC proceeding would be undermined, claimed that the witness statements continued to be subject to LPP.

In the interlocutory decision at first instance, Gordon J considered the only issue before the Court to be that of waiver and held that the ACCC had waived LPP in the witness statements by filing and serving them on Visy in the ACCC proceeding.

On appeal the Full Court allowed Cadbury to argue that the witness statements were not privileged documents prior to them being filed and served. The two issues on appeal were therefore:
(i) whether the witness statements were privileged documents; and
(ii) if the witness statements were privileged, did the filing and service of the witness statements constitute a waiver of that privilege?

THE DECISION

The existence of LPP in the witness statements

The Full Court held that LPP did not subsist in the witness statements because they were intended to be served on Visy. The Court considered the rationale for LPP and stated that non-disclosure to a party’s opponent is a crucial element of the confidentiality sought to be protected by LPP.

The Full Court noted that in litigation, LPP allows lawyers and their clients to decide what, if any, evidence to rely on in support of their case. However, where a document (be it a witness statement or affidavit) is in the form intended to be given to an opposing party such that that decision has been made, it is not a document in which privilege subsists. Importantly, the Full Court clearly distinguished between finalised witness statements and draft witness statements, the latter having been created for the purpose of review by solicitors or counsel prior to deciding whether and in what form those documents would be filed and served. The Full Court noted that draft witness statements or affidavits intended only to be reviewed by a party’s legal advisor would be privileged.

It is well established that in order to determine whether LPP subsists in a document, the question is the purpose for which the document was brought into existence. In this regard, the Full Court stated that the purpose of creating a finalised witness statement is different to the purpose of creating a draft witness statement. The Full Court stated that the “essential character” of a finalised witness statement or affidavit is to disclose to the opponent and the Court the evidence which is proposed to be led at trial.

The ACCC sought to rely on the case of State Bank of South Australia v Smoothdale (No 2) Limited (1995) 64 SASR 224 in which the Court held that witness statements served on an opposing party retained a degree of confidentiality sufficient to support LPP until either the witness verifies the statement on oath in the witness box or LPP is waived. The Full Court found the principles in Smoothdale to be inconsistent with the rationale for LPP and clearly wrong.

WAIVER OF ANY LPP

Notwithstanding that the Full Court held that no LPP subsisted in the witness statements, it went on to consider whether, if LPP was found to subsist, it had been waived by the filing and service of the witness statements. The Full Court agreed with the primary judge that the filing and service of the witness statements operated as a complete waive.
In doing so the Full Court rejected the body of earlier authority led by Smoothdale which held that witness statements filed and served but not read in open court or otherwise tendered into evidence remain subject to LPP in the hands of the recipient.

The Full Court accepted that it is possible for conduct to constitute a limited waiver, such as where a document has been provided to an opponent subject to conditions that it may not be read in Court, placed into evidence or relied on in cross-examination. However, in this case no such conditions were imposed on Visy and the Court stated that the Harman undertaking does not give rise to a sufficient degree of confidentiality to maintain a claim for LPP.

**COMMENTARY**

Based on the Full Court’s decision, once a party has decided to rely on a particular witness and to put forward their evidence as set out in a witness statement or affidavit, that document is not a privileged document. The Full Court therefore considered the party’s intentions with respect to the document in order to determine whether or not privilege subsists. Once those intentions have been formed, the service of the document does not constitute a waiver of privilege because privilege did not subsist in the document prior to it being served.

If Visy had not been released from the implied undertaking recognised in Harman, the undertaking would have prevented access to the statements by Cadbury. The undertaking prevents the use of inspected documents other than for the purposes of the proceeding in which inspection was given (in this case the ACCC proceeding). In Federal Court proceedings, the undertaking subsists until the information is disclosed in open court, unless the Court otherwise orders: O15, r 18.

Authors: Ian Pascarl, Partner
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Changes Are Being Proposed To Australia’s Intellectual Property Systems

Synopsis
IP Australia is proposing changes to Australian intellectual property (IP) law and practice in a series of reform papers entitled “Toward a Stronger and More Efficient IP Rights System,” slated for release during 2009. These papers claim to bring together ideas developed by IP Australia and recommendations from reviews of our innovation and IP systems. The first five papers in this series propose substantial legislative and procedural changes that would affect our standards of patentability, our available exemptions to infringement, our divisional patent filing practices, and the procedures for both patent oppositions and trade mark oppositions.

IP Australia is an agency of the Australian Government responsible for the administration of intellectual property legislation relating to patents, registered designs, trade marks and plant breeder’s rights. On 27 March 2009, IP Australia called for written submissions in response to two consultation papers, entitled “Getting the Balance Right” and “Exemptions to Patent Infringement.” On 18 June 2009, three further papers were released, entitled “Resolving Divisional Applications Faster”, “Resolving Patent Opposition Proceedings Faster”, and “Resolving Trade Mark Opposition Proceedings Faster.”

The first four papers are directed to reform of the Australian patent system, while the fifth paper is directed to reform of the Australian trade mark system. It is expected that additional reform papers will be released later this year.

The “Balance” paper contends that Australia has lower patentability standards than other jurisdictions such as Europe, Japan and the US, and proposes amendments to our legislation to bring these standards into “alignment”. It is proposed to increase the general requirements for patentability, and strengthen IP Australia’s ability to rigorously assess applications. The “Exemptions” paper refers to uncertainty surrounding potential infringement through use of patented inventions for experimentation purposes, and proposes legislative amendments to codify which acts are exempt. The “Exemptions” paper also contends that patentees have a de facto extension of term in respect of inventions that require regulatory approval, including non-pharmaceutical inventions, and proposes an expansion of the current pharmaceutical patent exemptions.

The “Divisional”, “Patent Opposition”, and “Trade Mark Opposition” papers contend that there are too many delay mechanisms in the Australian patent and trade mark systems, and propose changes to reduce the periods of uncertainty that may be experienced by third parties before the registrability or validity of a trade mark or patent is determined by IP Australia.

Increased Patentability Requirements – Disclosure
In the “Balance” reform paper, IP Australia proposes to expand what must be disclosed in a patent specification to support a patent claim. Presently, a valid claim in Australia must be “fairly based” on matter described in the specification, and the specification must include a full description of the invention, including the best method of performing the invention. Furthermore, when determining a priority date, a claim must be fairly based on subject matter disclosed in the priority application. It has been determined that fair basis requirements are fulfilled when there is consistency between the claims and the invention described, and the full description requirements are met when a skilled person can produce something within each claim without “new inventions or additions or prolonged study of matters presenting initial difficulty”.

IP Australia suggests that the US, Europe and Japan each require the specification to include a full description of the invention, including the best method of performing the invention. According to current case law, a specification can be validly amended to fulfil the full description and best method requirements at least until the date of grant of the patent. IP Australia proposes that these requirements be met at the filing date of the application.

Increased Patentability Requirements – Inventive Step
In the “Balance” paper, IP Australia proposes to raise the bar for patentability in Australia by increasing the threshold test for inventive step. Presently, inventive step is determined by considering the claimed invention in view of the common general knowledge in Australia, possibly in combination with one or more prior art references. Any such reference must be one that a skilled person could reasonably be expected to have ascertained, understood and regarded as relevant.

IP Australia proposes to remove the requirement that the common general knowledge be limited to knowledge in Australia. IP Australia contends that this amendment more closely aligns our patent requirements with those of our major trading partners.

According to another proposal, IP Australia wishes to remove the requirement that the skilled person be reasonably expected to have ascertained (i.e., found) a prior art reference before it can be considered relevant to the question of inventive step. IP Australia argues that this requirement does not explicitly exist in the United States, the United Kingdom, Japan or the European Patent Convention. This proposed change would make it more difficult to exclude prior art information from inventive step considerations on the basis that a skilled person could not reasonably be expected to have ascertained the information.

IP Australia also proposes to introduce a specific test for obviousness which is
intended to be applicable to all inventions. According to this test an invention would be considered obvious where it is “obvious for the skilled person to try a suggested approach, alternative or method with a reasonable expectation of success”. IP Australia has suggested in its paper that obvious-to-try inventions are not patentable in Europe and the US, and should not be patentable here.

**More Rigorous Assessment by the Patent Office**

In addition to increasing the requirements for patentability, the “Balance” reform paper proposes making the Office’s assessment of applications and patents more rigorous by making the following changes: increasing the prior art information which can be considered during examination; examining for utility, extending the grounds which can be considered during re-examination; and making more decisions based on a balance-of-probabilities test rather than giving the applicant the benefit of any doubt.

Information made publicly available through doing of an act (i.e., prior use) is proposed to be included in the prior art for the purposes examining novelty and inventive step. Presently, only prior documents can be considered during examination.

Usefulness (or utility) is proposed to be considered as a ground during examination rather than merely as a ground for opposition and revocation. IP Australia also proposes to require that the requirement for usefulness is only satisfied if the patent specification discloses a specific, substantial and credible use for the invention.

Re-examination presently occurs only for novelty and inventive step. IP Australia proposes expanding the grounds for re-examination to include all of the grounds considered during examination.

Presently, a balance-of-probabilities test may be applied during examination of some patentability requirements, including inventive step, while other requirements are assessed by giving the patent applicant or patentee the benefit of the doubt. IP Australia proposes to legislate for use of the balance-of-probabilities test as the standard of proof required for all matters during examination, re-examination and opposition.

IP Australia contends that this is the standard in the US, the UK and Europe, and argues that such an approach will result in fewer Office decisions being overturned by the courts.

**Explicit Exemptions to Infringement**

In the “Exemptions” paper, IP Australia proposes legislative amendments to codify exemptions to infringement for experimental use. Specific exemptions are proposed for acts performed, on a patented invention, for testing a claim and for seeking an improvement to the invention. “Testing”, a claim relates to testing the validity of a patent, determining the scope of the patent claims, and determining whether an act or product infringes a patent claim. Seeking an improvement to the invention is intended to be limited to “research use” of the invention and not commercial exploitation.

Furthermore, IP Australia proposes an exemption to infringement for acts that are solely for the purpose of obtaining information for regulatory approval under Australian law, or under the law of any other country that regulates the manufacture, construction, use or sale of the patented invention. Presently, this exemption exists only in relation to pharmaceutical patents.

In the “Exemptions” paper, IP Australia mentions that reports by the Australian Law Reform Commission (ALRC) and the Australian Advisory Council on Intellectual Property (ACIP) have recommended the inclusion of explicit exemptions to infringement. It appears, however, that the current proposed amendments differ substantially from these recommendations. For example, ACIP’s recommendation for experimental use was drafted in light of the general safeguard against exemptions to infringement under Article 30 of the international Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

**Divisional Applications**

Divisional applications can be filed in Australia for a number of reasons: to divide out separate inventions identified during examination (along the lines of a US divisional application), to pursue claims based on the original subject matter (similar to a US continuation application), to include new subject matter (similar to a US continuation-in-part), and to effectively extend the period for examination (similar a US request for continued examination). The parent case can itself be a divisional, thus allowing for a family of cases to relate to a common ancestor.

In the “Divisional” paper, IP Australia states that the vast majority of divisional applications filed in Australia are not resolved until well after their priority dates, and argues that such delays are unproductive and unfair to other users of the patent system and to the public. IP Australia proposes changes in its internal procedures for handling divisional applications, as well as legislative changes to limit the filing of divisional applications.

Presently, examination of an application need only occur following a direction to request examination from IP Australia, a process that may take some years. With the aim of resolving divisional applications more quickly, IP Australia proposes that a direction to request examination of a divisional application be issued at the same time as the direction to request examination of any family member, or shortly following filing of the divisional application itself. Furthermore, any examination of a divisional application would be prioritised in IP Australia’s work flow. In addition, IP Australia proposes that, for divisional applications that contain the same claims as their parent, or essentially continue arguments that previously led to an impasse during examination, the case be considered for a hearing by IP Australia to accelerate resolution of the matter.

The “Divisional” paper indicates that divisional filings are frequently used during patent opposition proceedings for strategic purposes. Divisional applications can presently be filed until grant of the parent application, and an application can be amended to become a divisional application as long as it was filed before the grant of the parent. IP Australia proposes to curtail this practice by limiting the period for filing a divisional application and for converting to a divisional application. Furthermore, IP Australia proposes that an opposed application can only be withdrawn if the Commissioner grants leave for the withdrawal, thus limiting the purportedly common practice of withdrawal of the parent following filing of a divisional application.
Patent and Trade Mark Opposition Proceedings

In the “Patent Opposition” and “Trade Mark Opposition” papers, IP Australia proposes substantial amendments to the procedures that are followed during opposition proceedings, particularly in relation to the time available to take certain actions.

For trade marks, under IP Australia’s proposals, fewer grounds would be available for extending the period to initiate a trade mark opposition, and allowable amendments to the notice of opposition would be limited. The opponent would be required to file particulars of their grounds of opposition (i.e., the material facts on which each ground is based) with the notice of opposition, and if the particulars are not filed, the opposition would be dismissed. Also, if the applicant does not file a notice of intention to defend their mark, their application would lapse. To replace existing extension-of-time provisions, a “cooling-off” period would be introduced to allow negotiations; the cooling-off period would be available after initiation of the opposition, but only accessible with the ongoing agreement of all parties and the Registrar.

For patents, the time available for initiation of an opposition would be reduced for procedural patent matters, such as allowance of amendments. The evidentiary stages would be removed for procedural patent matters, and brought forward for other matters. A party would be able to file a notice that it does not intend to rely on evidence, and the period available for filing that evidence would then expire. The period for serving evidence in reply, the final stage, would be reduced. The Federal Court, during an appeal from an opposition, would be empowered to consider and direct amendment of an application at the request of the patent applicant: this proposal is intended to remove restrictions on the Court that have ostensibly led to delays and costs in appeal cases.

For both patents and trade marks, extensions of time for serving evidence would only be available in compelling circumstances, not including delays by a legal representative or for negotiating a settlement. Further evidence would not be accepted, although documents could still be provided to IP Australia for their consideration, and the power to summon witnesses or require the production of documents would be reduced: IP Australia contends that these provisions have caused considerable delays in the past, and the evidence produced has rarely been crucial, and has generally not been particularly relevant. Shortly before the hearing of the opposition, a written summary of submissions would be required from both sides.

WHAT WILL HAPPEN TO THESE PROPOSALS?

Although some of the reform proposals from IP Australia aim to bring Australian legislation into closer alignment with major international jurisdictions, the extent to which foreign law has been analysed in developing these proposals is open to question. It is also unclear whether the proposed limitations to oppositions and divisional filings will result in fair and high quality IP rights. It is clear, however, that the proposals do not follow all of the recommendations of the ALRC and ACIP. These and other issues are being addressed in submissions from the Institute of Patent and Trade Mark Attorneys of Australia (IPTA), the Law Council of Australia, and FICPI Australia. The patent and trade mark groups of Davies Collison Cave are also considering the proposed changes with a view to filing our own submissions, and/or assisting with the submissions from the other bodies.


Author: Sam Mickan, Patent Attorney
New Zealand Takes Significant Step Towards New Patents Act

Synopsis
On 5 May 2009 the New Zealand Patents Bill had its first reading before the New Zealand Parliament. The first reading marks a significant step towards New Zealand enacting new patent legislation that will replace the Patents Act 1953 and Patents Regulations 1954. The reading means that the Bill has now entered a formal legislative process, triggering a sequence of events that should result in new legislation being enacted within the next 1-2 years.

The first reading before Parliament was not the first public exposure of the Bill. The desire to implement new legislation has been in gestation for some ~25 years, culminating in a draft version of the Bill being released for public comment in December 2004. The public consultation process is a relatively new initiative by the New Zealand Government in an attempt to obtain preliminary feedback on any contentious issues proposed in a Bill, before the Bill enters the formal legislative process.

In 2005, submissions on the draft Bill were made by a number of interested parties. Davies Collison Cave took a proactive role in assisting the Institute of Patent and Trade Mark Attorneys of Australia (IPTA) in making submissions on the content of the draft Bill. IPTA represents over 90% of registered Australian patent attorneys, most of whom are also registered as New Zealand patent attorneys. The submissions made by IPTA urged the New Zealand Government to align New Zealand’s patent laws with those of Australia where possible. Areas where closer alignment would seem to be possible include certain patentability criteria, such as the threshold for inventive step and what information should constitute the prior art base for its assessment, as well as prosecution and divisional application requirements. Unfortunately it is not clear whether the submissions were properly considered because the Bill that was recently read before Parliament is much the same as the draft Bill released in 2004.

In our September 2008 edition of this e-magazine, we reported to you some of the most significant changes which the Bill proposes to introduce. Specific proposed changes include:

- raising the novelty threshold to “absolute novelty” so that prior publication or prior use anywhere in the world will be considered novelty-destroying;
- examination for inventive step and utility in addition to novelty and adequacy of description;
- providing specific patentability exclusions on methods of diagnosis and treatment of human beings; and
- abolishing the current pre-grant opposition process and introducing a pre- and post-grant re-examination procedure.

The existing Patents Act 1953 has often been criticised for providing a patentability threshold in New Zealand that is lower than the patentability thresholds set by its major trading partners. The patent system works by granting an exclusive right to the patent owner in return for public access to new information and technology. If the right balance is not struck it can negatively impact on innovation and technology, particularly in a global economy where innovation is an increasingly internationalised activity. The Bill therefore attempts to address fundamental deficiencies in the existing law by harmonising key aspects of New Zealand’s patent law with the rest of the world.

There is now a further opportunity to make submissions in relation to the Bill. Following its first reading before Parliament, the Bill was referred to a Select Committee as part of the formal public consultation process. Written submissions must be made to the Select Committee before 2 July 2009.

Please contact your Davies Collison Cave representative should you wish to discuss any aspect of the New Zealand Patents Bill.

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