

Australia

Standing equal on the global IP stage?

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The Intellectual Property Laws Amendment (Raising the Bar) Act 2011 was passed in late February 2012, increasing patentability standards in Australia and aligning them more closely with legal tests in Europe and the United States. The major changes included:

- a higher standard for establishing inventiveness;
- a new utility requirement for “a specific, substantial and credible use” for a claimed invention;
- more stringent requirements for the scope and detail of disclosure required to support patent claims;
- infringement exemptions for activities such as research and obtaining regulatory approvals; and
- improvements to mechanisms for trademark and copyright enforcement.

Against this backdrop, the High Court of Australia has been busy on IP matters, as have the lower courts, which are regularly presented with cases of technical and global import.

It seems that Australia’s policymakers are achieving their long-held aim: for the country to become a player on the global stage. With the Australian decade-high exchange rates persisting, the economic significance of Australia as an IP market continues to be vexed, but its legal significance remains considerable.

Patents

The gene patents debate continues

A combination of global conservatism and

policymakers’ objectives to align Australian IP standards with those in other parts of the world is having an effect on patent eligibility in Australia.

Not content with rebuffal by the Senate Community Affairs Committee (see “Australia: Globally aligning the Australian IP environment” in *IP Value 2012*), influential forces in Parliament continue to lobby for amendments to Section 18 of the Patents Act 1990 to exclude genes and related subject matter from patent eligibility. A recent media report suggested that the latest proposed amendment to Section 18(2) might seek to exclude:

“(b) genetic materials that exist in nature, or are the same as or not markedly different from those existing in nature, whether such materials are in situ, isolated or purified; (c) any method that involves the mere comparison of genetic materials or genetic sequences in the provision of a diagnosis for a human being.

[wherein] (2A) A reference... to genetic materials includes, but is not limited to, DNA or RNA whether in whole or in part or in fragments, however made.”

It may be that lobbyists are awaiting the outcome of the Federal Court case concerning the patent eligibility of the BRCA1 and BRCA2 genes running in parallel to the US trials on the same subject matter, both involving Myriad Genetics Inc. Although preliminary matters have been heard, it will be some time before there is any indication of the outcome of the trial, and of whether the Australian courts will be influenced by the recent US decision in *Prometheus Laboratories Inc v Mayo Collaborative Services*.

Following the lead of *Bilski*?

Meanwhile, the patent eligibility of business methods seems to be under sustained attack by IP Australia, even in the absence of supporting jurisprudence from a higher authority. In the most recent decision, *Celgene Corporation* ([2012] APO 71), a claim directed to dispensing drugs associated with safety issues was rejected. This follows a series of decisions directed to more conventional 'business' subject matters which also appear to have been rejected in light of the US *Bilski* ruling, although that ruling has not been approved by an Australian court.

Apple v Samsung

An update on significant IP matters in Australia would be incomplete without reference to the Australian leg of the global dispute between Apple and Samsung. In late 2011, to all intents and purposes, Apple looked as though it successfully kept the Samsung Galaxy Tab tablet out of the Christmas market. However, the injunction controversially granted by a Federal Court single judge was overturned on appeal with only a week left for Father Christmas to fill his sack with the Galaxy Tab. The full trial between the parties – in which Apple asserts infringement of its patents and Samsung asserts that the Apple iPhone infringes its own standard-essential patents – is so complex that it is not expected to be decided until well into 2013.

Trademarks

Tobacco plain packaging legislation a world first

Parliament passed the so-called 'tobacco plain packaging' legislation early in 2012, severely restricting the manner of trademark use both on tobacco packaging and on a wide range of tobacco-related goods. The legislation ensures that there is no restriction on tobacco product owners registering their trademarks and makes previously registered trademarks exempt from removal actions for non-use, but it is unequivocal in stopping the use of trademarks on tobacco products other than in a prescriptive form of representation. This representation limits the trademark that may be displayed on the retail packaging of a tobacco product to a brand name in the typeface Lucida Sans, no

larger than 10 points in size in normal weighted regular font and in a prescribed colour.

In April 2012 the High Court of Australia heard argument from four major tobacco companies asserting that the government had effectively acquired their trademarks and that, as a consequence, they were entitled to be compensated on just terms by virtue of Section 51 (xxxix) of the Constitution. There is no argument that the government has the right to acquire trademark rights or limit the use of trademarks on the ground of public health considerations, but this requires strong justification and compensation, the latter of which has not been forthcoming. On August 15 2012 the High Court rejected the challenge by the major tobacco companies. As of December 1 2012, all of the outer surfaces of tobacco product packaging sold in Australia must be Pantone 448C, which has been described as 'drab dark brown'.

The legislation is proving to be of global significance. On the one hand, the governments of several countries, including the United Kingdom and New Zealand, are reportedly monitoring developments to see whether they can readily adapt the legislation in their own jurisdictions. On the other hand, Ukraine, the Dominican Republic and Honduras have lodged formal complaints against the legislation at the World Trade Organisation (WTO). Twelve other countries have formally joined the WTO consultations.

Last word on grey-market goods

In *Paul's Retail Pty Ltd v Sport Leisure Pty Ltd* ([2012] FCAFC 51) (the 'Greg Norman' case), the Full Court of the Federal Court on appeal rejected the plaintiff's attempt to rely on the consent defence under Section 123 of the Trademarks Act 1995 (Cth). The defence operates so that the owner of a trademark in Australia cannot prevent the import of products that were genuinely marked overseas with the trademark owner's permission.

The Full Federal Court dismissed Paul's appeal. Paul's attempted to argue that it had imported and sold parallel imports of 'genuine' Greg Norman-branded garments into Australia made by Indian licensee BTB with the consent of trademark owner Great White Shark Enterprises LLC.

The scope of BTB's licence was restricted to use of the Greg Norman marks in India. BTB knew that the garments in question were to be supplied outside India. The court concluded that the garments were not 'genuine goods' as they were not goods on which the marks had been properly used. BTB thus stood in the same position as a third party applying the Greg Norman marks without a licence from the trademark owner.

The case highlights that by using well-drafted licence and supply agreements with distributors and manufacturers which include territorial restrictions, parallel imports can be stopped from entering the Australian market.

Copyright

Challenging traditional revenue streams based on access to copyright content – who is accountable?

The High Court of Australia has also been in action in copyright matters. In April 2012 it unanimously dismissed an appeal by Roadshow Films and 33 other major Australian and US film and television companies in the *iiNET* case. The High Court held that internet service provider (ISP) iiNET had not authorised infringement of the copyright in films downloaded by its customers. In doing so, the High Court considered the application of the leading authority on the law of authorisation (set down more than 30 years ago), along with the statutory factors under the Copyright Act 1968 (Cth), in its application to ISPs.

Before initiating proceedings in the lower court, the Australian Federation against Copyright Theft (AFACT) had issued iiNet with regular notifications identifying the IP addresses of iiNet customers who had infringed copyright by making films available online to be downloaded. The lower court had found that it was reasonable for ISPs to take some steps towards preventing known infringements by customers. In contrast, the High Court concluded that iiNET did not have direct technical power to stop users from infringing copyright by illegally downloading films and television programmes using the BitTorrent peer-to-peer file sharing system. iiNet's power to prevent customers from engaging in online copyright infringement was limited to ending contracts with customers. In

addition, the authorisation of infringement could not be inferred from iiNET's failure to send warning notices to customers threatening to suspend or terminate their accounts on the basis of information contained in the infringement notices served by the AFACT.

Upholding the value of broadcasting rights deals

Also in April 2012, the Full Court of the Federal Court on appeal in *National Rugby League Investments Pty Limited v Singtel Optus Pty Ltd* [2012] FCAFC 59 allowed appeals by the NRL, AFL and Telstra against major telecommunications supplier Optus on copyright issues concerning the Optus TV Now Service.

The Optus TV Now Service is a recording system that allows users to record free-to-air programmes and play them back on compatible devices (eg, PCs and Apple, Android or 3G devices).

Optus relied on the time shift defence set out in the Copyright Act 1968, which permits a person to record a broadcast for private and domestic use for viewing at a more convenient time. The defence permits the use of devices such as video recorders, but has not previously been applied in the context of a cloud recording service. The Full Federal Court found that Optus, or alternatively Optus and the subscriber, made the relevant recording when using the service. Because Optus's actions gave it commercial benefit, its service could not be defended from an assertion of copyright infringement on the basis that it merely permitted 'private and domestic use'.

In early June 2012 Optus sought leave to appeal the decision to the High Court of Australia.

Further developments Court procedure reforms

Substantive reforms to Australian court procedure were introduced in late 2011 with a view to fostering a culture of resolving disputes. Parties to civil proceedings and their legal representatives have an overarching obligation to the court to conduct cases in a manner that facilitates the just resolution of disputes as quickly, inexpensively and efficiently as possible. This includes taking genuine steps to

resolve a dispute at a cost that is proportionate to the importance and complexity of the matters in issue. Costs penalties may be imposed on parties and their lawyers for failing to comply. An applicant must file a 'genuine steps' statement when commencing an action setting out the pre-litigation steps that have been taken to try to resolve the issues in dispute between the parties before proceedings were instituted. In practice, the outcome of these substantive civil procedure reforms is manifest in the Federal Court, where the majority of IP disputes are heard. At a very early stage in proceedings, parties to litigation are often referred to mediation. The 2010-2011 Annual Report of the Federal Court reported that 75% of IP cases were resolved in whole or in part.

Keeping track of it all

Effective as of January 30 2012, security interests in personal property can be registered and searched on the Personal Properties Securities Register. The Insolvency and Trustee Service Australia is the government agency responsible for administering the register.

The launch of the register brings together the previously different commonwealth, state and territory laws and registers regarding security interests in personal property under one national system. The Personal Property Securities Act 2009 (Cth) establishes a single national online personal properties securities register.

A personal property security is created when a secured party takes an interest in personal property as security for a loan or other obligation, or enters into a transaction that involves the supply of secured finance. Personal property covered by the legislation includes intangibles such as IP and contract rights. In Australia, parties with secured interests over intellectual property may have them recorded under Chapter 19 of the Patents Act 1990 (Cth), Part 11 of the Trademarks Act 1995 (Cth) or Chapter 9 of the Designs Act 2003 (Cth). The types of interest that may be recorded include mortgages, charges, liens and pledges.

While it is still possible to register security interests on the Patents, Trademarks and Designs Registers, it is also necessary to register both new and existing security interests in the Personal Properties Securities Register. **iam**

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