

Australia

Globally aligning the Australian IP environment

Due to a steady increase in jurisprudence created under the three most recent of Australia's four major IP acts, and through ongoing amendment of the Patents Act 1990 (Cth) in particular, the Australian IP environment is becoming increasingly aligned with those of the world's major IP jurisdictions. Although in the past the quality of Australian court decisions has varied, the fact that there is now a bench of experienced IP judges (including the chief justice of the High Court of Australia) which pays close attention to decisions in other jurisdictions means that IP case outcomes in Australia can increasingly be expected to mirror those elsewhere. This chapter highlights recent cases and changes.

New exclusions from patentability?

For the first time in some years in Australia, the patentability of a class of subject matter has been the focus of debate.

Against the background of the *Myriad Genetics* decision from the US District Court of the Southern District of New York, in June 2010 an application was lodged in the Federal Court of Australia seeking revocation of the Australian patent that protects the breast and ovarian cancer marker genes BRCA1 and BRCA2 (Australian Patent 686 004). The applicant consortium includes Cancer Voices Australia, an advocacy group for cancer sufferers, and an Australian woman suffering from breast cancer. In this respect the suit mimics the construction of the case concerning the patentability of corresponding US patents owned by Myriad Genetics Inc. In that case, the patent was initially held to be invalid because the subject matter was considered unpatentable under 35 USC §101, but this was overturned on appeal. The same argument which was successful in the first US case will no doubt be made in Australia under Section 18 of the Patents Act. The four companies against which relief is sought include Myriad Genetics Inc and Genetic Technologies Ltd, which holds an exclusive licence from Myriad to exploit the patent in

Australia. The pressure of public opinion forced Genetic Technologies to back away from forcing an unlicensed Australian organisation to pay royalties for using BRCA1 and BRCA2 diagnostically, and it is understood that royalties are not currently charged for the non-licensed exploitation of the patent. The case is still in the early evidentiary stages and will be watched with interest for its impact on the scope of patentable subject matter.

Concurrently, the Senate Community Affairs Committee was charged with determining the impact of the granting of patents over human and microbial genes and non-coding sequences, proteins and their derivatives, including those materials in an isolated form, with particular reference to the impact that such patents have on:

- the provision and cost of healthcare;
- the training and accreditation of health professionals;
- progress in medical research; and
- the health and well-being of Australians.

The committee handed down its report in late 2010 and concluded that there was no basis to recommend that the Patents Act should be amended to exclude patentability for certain genetic materials.

The circumstances of the previous attempts by Genetic Technologies to derive a royalty income from its patent rights over the use of the BRCA1 and BRCA2 genes piqued the interest of several members of Parliament, who have now introduced a private members' bill seeking to exclude from patentability under Section 18 "biological materials including their components and derivatives whether isolated or not and, however made, which are identical to such materials as they exist in nature". The bill was sent for in-depth consideration to the Senate Legal and Constitutional Affairs Committee, which handed down its report on September 21 2011 recommending that the bill not be passed by the Senate. At the time of writing further debate on the bill has not occurred.

At present, Australian patent law takes a liberal

approach to patentability, excluding under Section 18(2) only human beings and biological methods for their generation. This liberal approach follows from the landmark Australian High Court decision in *NRDC v Commissioner of Patents* ((1959) 102 CLR 252), in which it was held that as long as an invention results in an artificially created state of affairs, the subject matter is patentable. The Australian scientific community is divided over whether genes should be subject to patent protection and this has been reflected in submissions to both committees. Representatives of the Walter and Eliza Hall Institute for Medical Research, which is the seat of some of the most significant Australian scientific breakthroughs in medical science and which owns patents on gene sequences, have expressed their support for gene patents. Other eminent medical practitioners, including the presidents of the Royal College of Pathologists of Australia and the Clinical Oncology Society of Australia, have spoken in favour of a ban on patenting genes.

Those members of Parliament who sought an exclusion from patentability of certain “biological materials” remain committed to their cause. The decision of the European Patent Office in *Brustle* regarding stem cells will no doubt give them new ammunition.

Copyright in compilations – changing the rules

In recent years the issue of the existence of copyright in compilations has reached the dizzy heights of the High Court of Australia (in the *Ice TV* decision, discussed in the Australia chapter of *IP Value 2010*).

In another battle over this issue, in a unanimous decision in *Telstra Corporation Ltd v Phone Directories Company Pty Ltd* ([2010] FCAFC 149), the Full Federal Court of Australia found that no copyright subsisted under the Copyright Act 1968 in the *White Pages* and *Yellow Pages* directories published by Sensis Pty Ltd, a wholly owned subsidiary of Telstra (once the monopoly provider of telecommunications services in Australia).

The *White Pages* and the *Yellow Pages* list the names, addresses, telephone numbers and other information of residential and business customers in a particular geographic region. Since October 2003 the majority of the listing information has been entered into a database automatically, with only about 15% of information entered manually. The computer system automatically checks to ensure the completeness and accuracy of the information, and that it complies with rules prescribing the font, colour scheme and word spacing and prohibiting certain words or phrases. Data from one year acts as a template for the following year. Further programs compare and update the data for the new

edition and ensure that the information is correct, properly ordered and formatted before publishing. Some manual checks are undertaken to look for errors. The computer system comprises a number of programs, few of which were created by Telstra or Sensis employees.

To succeed in the appeal, Telstra needed to establish that copyright subsisted in the directories. According to the Copyright Act 1968, copyright can subsist in a compilation and the author of a literary work is the owner of the copyright in that work. A work is made when it is first reduced to a material form, whether that is in writing or another material form (eg, a computer file). Under Australian law, in relation to original works, an author must be a human.

The court reduced the directory production process into three main phases:

- the maintenance, updating and editing of a database containing customer details (the collection phase);
- the extraction from that database of information for each directory and the conversion of that information into an electronic form (the extraction phase); and
- the typesetting of that form and the physical production of the directories (the production phase).

The court considered that although there was substantial effort in the collection phase, including intellectual effort by many employees, their efforts had no influence on the actual material form of the work. Therefore, they were not authors of the work. In relation to the extraction phase, the court agreed with the primary judge that this phase was when the work was first reduced to its material form (the galley file); it was ostensibly dictated by computer programs and any human involvement merely ensured that the rules of the extraction phase programs were observed.

In what some will see as a blow to copyright protection for compilations, the court held that the directories had no author and consequently no copyright could subsist in them.

Getting ownership right in designs

Although the Designs Act 2003 is proving to be a good means of raising revenue for IP Australia, it has not resulted in Australian designs practice entering the 21st century. At their core, the disputes that arise remain old-fashioned.

Mark Collymore was employed as a factory foreman at the Metroll Queensland factory, which produces metal products such as fencing, roofing and rainwater tanks. Collymore created a design for modular water tanks that could be connected together. His employment contract

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was silent regarding the creation and ownership of intellectual property. Collymore registered one design in his own name and a further two designs under his company name, Courier Pete Pty Ltd.

In *Courier Pete Pty Ltd v Metroll Queensland Pty Ltd* ([2010] FCA 735) the judge stated that it was necessary to ask “what was the employee employed to do?”, and concluded that: “If the employee was employed to make or discover inventions of the type ultimately produced [by the company], then that is work for which the employer had paid and the employer is entitled to the benefit of the invention. If the employee does not have any general duty to invent... then the only basis upon which an invention can be said to have been created ‘in the course of employment’ is if it had been created pursuant to a specific direction by the employee to undertake work which results in the creation of the invention.”

Metroll produced a witness who said Collymore was part of Metroll’s “tank-making team” and who claimed to have been given instructions to create new tank designs. This evidence was found to be weak and was unsubstantiated by the rest of the team.

Collymore gave compelling evidence that he had created the tank designs at home and in his own time. The judge found it significant that any work carried out at Metroll on modular water tanks occurred after Collymore had applied to register the first design.

This case highlights the age-old adage that it is essential that an employer defines an employee’s duties clearly, and that a written employment contract states that the employee’s duties include invention and creativity, and that all resulting IP rights will be owned by the employer.

In *Extreme Kayaks & Watersports Pty Ltd v Viking Kayak International Pty Ltd* ([2010] ADO 1) Viking wrote to the Designs Office requesting that the Designs Register be amended to change the name of the designer from Michael Bennett to Phillip Mergard. A reply from the Designs Office advised Viking that the designer’s name on the register could be changed only if there had been a clerical error or obvious mistake. Viking replied

that the designer name had been written down in error.

Extreme Kayaks requested revocation of the design registration on the basis that the pattern maker had been contracted to Extreme Kayaks at the time the design was created, and that Extreme Kayaks had been manufacturing the design six months before Viking applied to register the design. The hearing officer concluded that Mergard was indeed the creator of the design. However, he also concluded that there was a contract for valuable consideration between Mergard and Extreme Kayaks to create the design and moulds to produce the kayak. Therefore, he found that Extreme Kayaks was entitled to be the registered owner of the design registration.

It is vital that correct ownership be determined before design registration, and preferably before filing a design application. Post-registration, amendment of the Designs Register can be difficult, given that an obvious error or mistake must be explained with corroborating support, usually in the form of a statutory declaration.

Sometimes using your own name is a defence... but not always

Optical 88 Limited v Optical 88 Pty Limited (No 2) ([2010] FCA 1380) dealt with the use of the name ‘Optical 88’ and trade indicia in Australia for retail sales of optical goods and accessories and optometry services. The first respondent’s company name and trading name was Optical 88, which it began using in 1993. The applicant failed to take action against the respondents despite becoming aware of the first respondent’s business in 2001, and gave notice of its claims only in October 2006.

The applicant’s marks were all composite or device marks, in which Justice Yates found the essential feature to be the name ‘Optical 88’. However, all of the applicant’s claims for trademark infringement, copyright infringement, passing off and misleading or deceptive conduct ultimately failed, with the end result that two of the applicant’s marks were ordered to be removed from the register for non-use.

The first respondent succeeded in its defence of using its own name in good faith. As Yates noted, “the defence bites when the use of the person’s name is the

reason for the finding of infringement (provided the use has been in good faith)". The first respondent's full name was Optical 88 Pty Ltd, but the defence was held to apply to use of 'Optical 88' alone.

The case suggests that honest adoption of a company name will provide a defence to an action for trademark infringement, and that the defence applies even if the likelihood of deception is brought to the attention of the alleged infringer.

Two further recent decisions have involved the use of the own name defence, both involving high-profile individuals: former racing car driver and tyre magnate Bob Jane and well-known Australian fashion designer Peter Morrissey.

The Federal Court of Australia granted an injunction against Jane personally and his new companies, restraining Jane from selling or offering for sale or advertising tyres, wheels, batteries, auto accessories or services relating to the installation and fitting of vehicle wheels, tyres, batteries and vehicle parts, including under the marks BOB JANE and BOB JANE GLOBAL (*Bob Jane Corporation Pty Ltd v Bob Jane Global Tyres Corporation (Australia) Pty Ltd* [2011] FCA 739).

Justice North rejected the argument that it would not

be misleading for Jane to use his own name because it failed to address the claim that misleading conduct would occur as a result of confusion by consumers, who were likely to draw the conclusion that the new business was associated with Jane's former business.

In addition, the Trademarks Office recently found against fashion designer Morrissey (*M Webster Holdings Pty Ltd v Peter Morrissey Pty Ltd* [2011] ATMO 23). Morrissey sought, through his company Peter Morrissey Pty Ltd, to register three trademarks, which included the name 'Peter Morrissey' and his signature in numerous classes with endorsements that Peter Morrissey has consented to the use of his name as a trademark.

Morrissey had previously sold the MORRISSEY brand to another company. That company successfully opposed the applications under Section 60 of the Trademarks Act. The hearing officer was satisfied that, given the substantial reputation of the MORRISSEY trademark for jewellery, handbags, clothing, footwear and headgear, a significant number of consumers would "at the very least experience a reasonable doubt as to the existence of some sort of connection between the opponent's trade mark and the applicant's PETER MORRISSEY trade marks".



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