

Allens < Linklaters

July 2014 >

Scintilla

*Intellectual Property
in Review*





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Introduction

Welcome to the *Scintilla – Intellectual Property in Review*.

Our IP blog, *Scintilla*, provides regular insights and analysis on intellectual property law. We are delighted to publish a selection of our blog posts in a handy digest, which we will publish on a regular basis.

Of course, you don't need to wait for this review as you can read our blog online and subscribe to receive email updates whenever a new post is published at: <http://allensip.blogspot.com.au/>

To assist on-screen navigation, the table of contents is hyperlinked to each article. You can return to the table of contents by clicking on the home icon in the lower right hand corner of each page.

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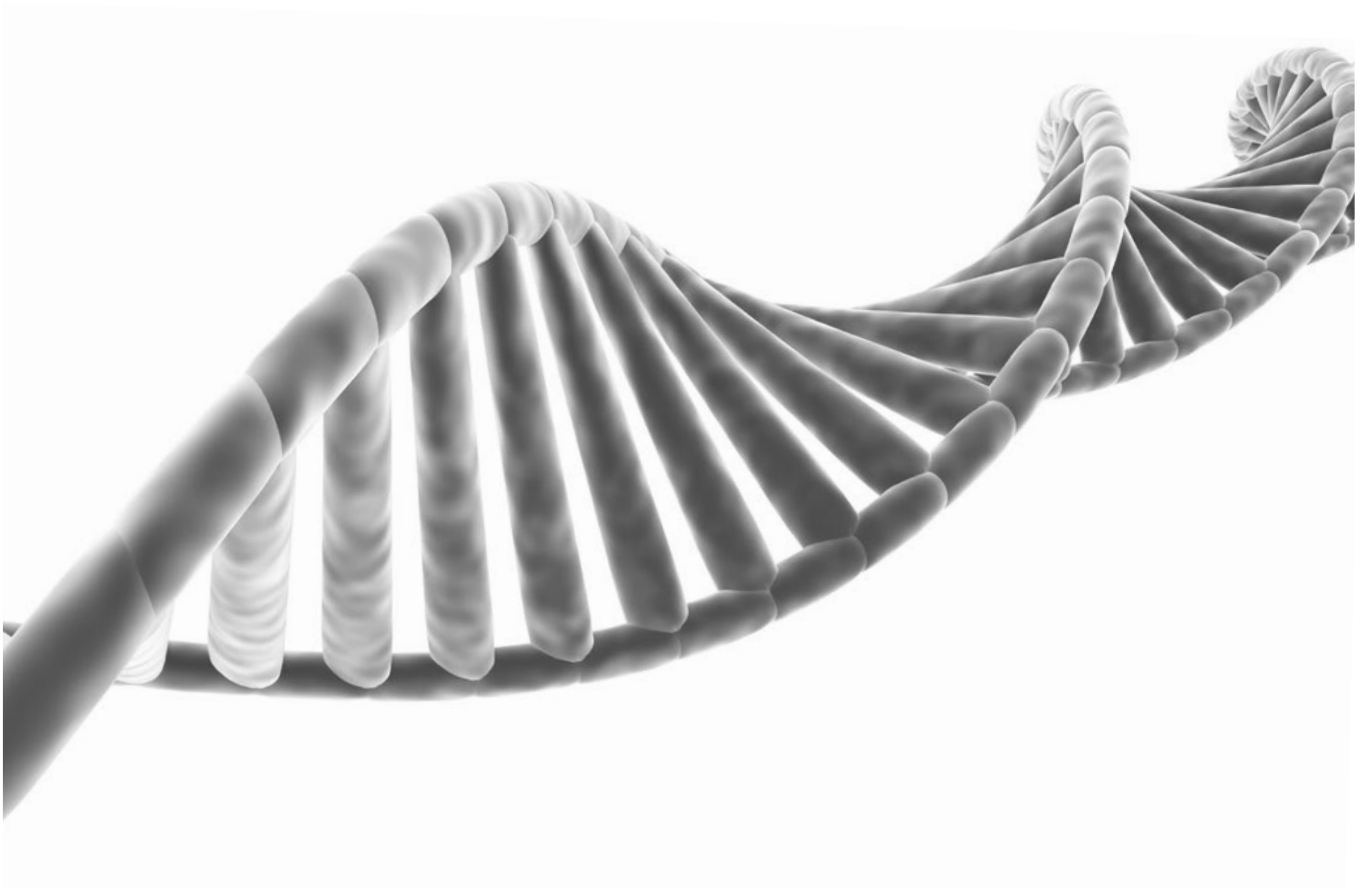


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➤ Patents



Thoughts on Tesla Motors' decision to 'give away' its patents



Thursday, June 19 2014

By Jesse Gleeson, Senior Associate

Elon Musk is a true tech visionary. His involvement in everything from PayPal, to his private space company SpaceX, to his electric-only Tesla Motors and even his proposal for a ['hyperloop' high-speed vacuum tube train](#) between San Francisco and Los Angeles shows his extraordinary ambition.

Musk has garnered considerable press recently for [his announcement](#)* on his blog on the Tesla Motors website:

Tesla will not initiate patent lawsuits against anyone who, in good faith, wants to use our technology.

In Musk's blog post his rhetoric attacks the societal value of patents generally. However, it would be a mistake to take Musk's comments as suggesting that companies should not register patents or seek to take advantage of patents as a powerful business tool. Patents do not serve just one purpose, and can still have considerable value to businesses even if they do not seek to use those patents as an offensive weapon against competitors or as a source of licensing revenue. Indeed, in limiting the licence to 'good faith' use preserves the ability of Tesla to use its valuable patent portfolio as a shield against patent infringement

proceedings being brought by other car makers – for instance, if Tesla wanted to use another company's patented improvement based on his patented base technology, or even if Tesla infringes a car maker's unrelated patents. Tesla could force other car makers into cross-licensing arrangements and thereby limit Tesla's potential exposure to patent infringement liability. Musk has been [quoted by Bloomberg](#) as stating '[s]omebody can't go and use a whole bunch of our patents but then sue us for using one of theirs... That seems like it wouldn't be a very nice thing to do.'

So while under some circumstances Tesla may have given away the right to use its patents as a sword, or even perhaps as a source of licensing revenue, it has not (subject to some interesting estoppel arguments) given away its ability to deploy its patents to massive tactical effect if that becomes necessary. In subsequent telephone hook-ups with various

journalists, Musk confirmed that Tesla will continue to seek to protect its important innovations with further patent applications.

On the flipside, if Musk's offer stimulates other car makers to enter the long-range electric car market, and deploy expensive recharging infrastructure more broadly, particularly in a format compatible or common to Tesla's, then Tesla will likely sell many more cars in aggregate, even if its market share in the electric car market is lower. Likewise, more competition may mean economies of scale which may reduce costs to a point where Tesla can produce a profitable mass market vehicle.

Thus on its face, aside from the public relations value, Musk's decision may well be a very sound one for this phase of his business and this phase of his industry's development. For many other businesses a similar strategy would represent the destruction of very considerable shareholder value and a diminution of competitive advantage. With all due respect to Robert Frost, sometimes 'the road less travelled by' is that way for good reason!

** If Musk's title for the post perplexes you – see: http://en.wikipedia.org/wiki/All_your_base_are_belong_to_us*

TGA confirms its approach to disclosure of commercially confidential information



Tuesday, 20 May 2014

By Alison Beaumer, Senior Associate

The TGA has released the final version of a document outlining its approach to disclosure of commercially confidential information, including information provided by medicine sponsors. This follows the release of a draft version in June 2013 and a period of public and industry consultation.

The TGA will now classify confidential information provided to it according to the Australian Government Classification System. This involves the use of 5 Disseminating Limiting Markers (**DLMs**), namely: 'For Official Use Only' (where disclosure may cause limited damage to commercial entities or members of the public), 'Sensitive' (where secrecy provisions apply or disclosure is prohibited), 'Sensitive:Legal', 'Sensitive: Cabinet', and 'Sensitive:Personal'. Commercially confidential information provided to the TGA, including by medicine sponsors, is likely to be classified as 'For Official Use Only'. One key change of terminology is that sensitive business or commercial information previously classified as 'Commercial-in-Confidence' will now be classified as 'For Official Use Only'.

There does not appear to be anything radical in the TGA's final approach to disclosure, which provides medicine sponsors with some comfort regarding consultation over and above that contained in the original draft. The basic principle is that the TGA will not release commercially confidential information except in particular circumstances

where it can justify the release in the public interest and it is lawful to do so. The owner of the information will almost always be consulted prior to any disclosure, as outlined in the following common scenarios:

FOI requests: The TGA is already obliged to consult the owner of the information regarding any proposed disclosure under the FOI Act and medicine sponsors will be very familiar with the process of making submissions about confidentiality and other exemptions from disclosure in this context.

Ad hoc releases in the interests of public health: All reasonable efforts will be made to consult the owner of the information prior to its release and it is unlikely that consultation would not be undertaken other than in "exceptional public health circumstances". This is a stronger statement than the draft version, which stated that in particular circumstances consultation might be impractical or unwarranted where there is an overriding requirement for timely publication of relevant information.

Regular or systemic releases: Affected stakeholders will be consulted before any decision to commence releasing potentially sensitive information to the public on a regular or systematic basis.

Much will of course depend upon how the TGA applies its approach on a case-by-case basis, which will involve consultation with the owner of the information and the balancing of a number of factors. It remains to be seen whether the TGA will in fact take a narrower approach to what should not be publicly released than it has done in the past. The document stresses that information will not be treated as commercially confidential simply because it has been described in that way by the owner of the information. Even when information is classified as commercially confidential, one of the principles to be considered in assessing whether it should be released is the public interest in open access and transparency about government decision making. This is in keeping with the increasing trend towards transparency of TGA decision making, as exemplified by the publication of AusPARs since late 2009 for both successful and unsuccessful applications for registration.

Decoding your patent licence



Tuesday, April 8 2014

By Adrian Chang, Lawyer

A decision earlier this month has brought light into one of the darker corners of the *Patents Act 1990* (Cth).

Despite having a statutory equivalent in Australian patent law since 1952, [MPEG LA, LLC v Regency Media Pty Ltd](#) provides the first judicial consideration of [section 145\(1\)](#) which provides:

a contract relating to ... a licence to exploit, a patented invention may be terminated by either party, on giving 3 months' notice in writing to the other party, at any time after the patent, or all the patents by which the invention was protected at the time the contract was made, have ceased to be in force.

Section 145(2) expressly prohibits contracting out of s145(1).

The background

MPEG licensed Regency the right to exploit a bundle of patents relating to three product classes:

- MPEG-2 Decoding Products
- MPEG-2 Encoding Products
- MPEG-2 Packaged Media

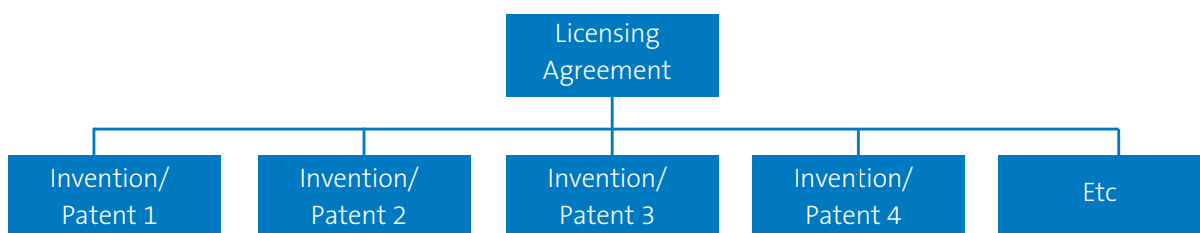
Under the terms of the agreement, Regency was not entitled to terminate the agreement prior to 31 December 2015.

All of the licensed patents related to each of the three product classes. From February 2009, patents under the agreement began to expire.

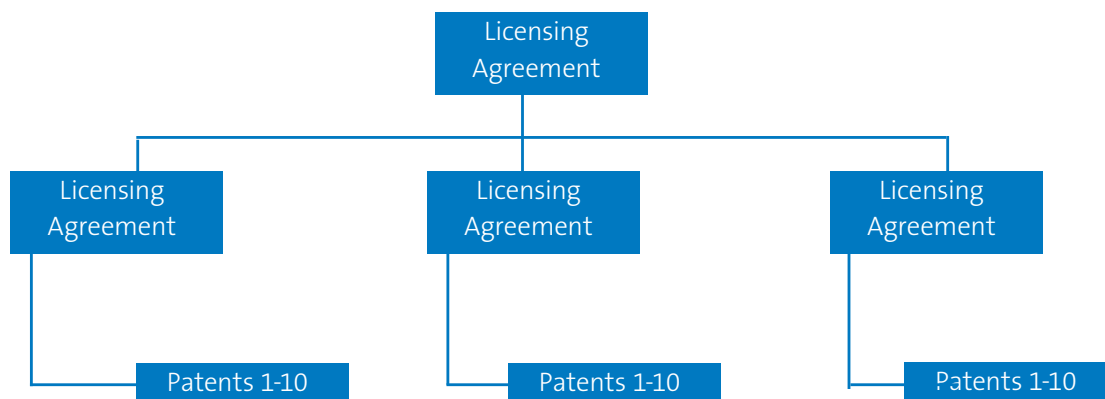
In July 2012, Regency purported to terminate the entire agreement relying on s145(1), at which time some but not all of the licensed patents had expired.

The arguments

Regency argued that the agreement with MPEG allowed it to exploit a bundle of inventions, each of which was represented by a discrete patent, ie:



MPEG argued that under the licence agreement there were in fact only three inventions – MPEG-2 Decoding Products, MPEG-2 Encoding Products and MPEG-2 Packaged Media – each of which was protected by all of the patents licensed under the agreement, ie:



Justice Flick favoured MPEG's interpretation, holding that s145(1) clearly contemplates that an invention can be protected by more than one patent. His Honour rejected Regency's explanation that the words 'all of the patents' was a reference to combination patents.

Accordingly, Justice Flick held that Regency's purported termination was ineffective.

Welcome guidance?

Section 145 has long been problematic for licensing practitioners – what is its exact scope and when it will be triggered? In that context, any judicial guidance is welcome.

From a practical perspective, this case suggests that in the right case the applicability of section 145(1) might be determined by careful drafting around the description of ‘patented invention’, notwithstanding section 145(2).

Unfortunately, the facts of this case did not lend themselves to some of the trickier issues to which section 145(1) gives rise, thus leaving many around the scope of s145 questions unanswered.

What would the outcome have been if the judge had accepted Regency’s interpretation of the nature of the licence? If an agreement grants rights to multiple inventions, each of which is underpinned by a different patent (or patents), does the licensee have to wait until the last of all patents have expired to terminate ‘the contract’? In this scenario, the parties need to be very careful to ensure that the drafting reflects their intentions around the concept of ‘a contract’ ... relating to ‘a patented invention’. We expect this might be addressed by allowing for staggered termination of the particular ‘contract’ relating to each ‘invention’ as the patent relating to that particular invention expires.

Also, consider the scenario where an agreement grants the licensee rights in relation to a patented product in different territories, where the relevant patent expires at different times in different territories. Are there multiple ‘contracts’ for a different ‘patented invention’?

Finally, it is worth noting that the decision does not address what happens in relation to any other IP rights granted under a patent licence agreement if section 145(1) has been invoked. This is important because patents are rarely licensed on their own and may often be accompanied by licences to use related know-how, copyright, confidential information etc. Will these licences also be terminated?

Let’s hope we don’t need to wait another 60-odd years for the next case to answer these questions.

Accelerated harmonisation? Global Patent Prosecution Highway launches



Wednesday, January 15 2014

By Helen McFadzean, Associate and Patent Attorney

The Global Patent Prosecution Highway (**GPPH**) is an international program which offers accelerated examination procedures between Australia and 16 other participating patent offices around the world, including the UK, US, Canada, Japan and Korea. As [we foreshadowed late last year](#), the pilot program launched on 6 January 2014. The full list of current participating patent offices can be found [here](#).

Details of the scheme

The GPPH will allow patent applicants to accelerate examination of a patent application at any of the participating offices if at least one claim of a corresponding patent application has already been found to be allowable by any other participating offices. This extends to decisions issued by a participating office in its capacity as an International Search and Examination Authority under the Patent Cooperation Treaty.

The GPPH seeks to simplify previous bilateral agreements between various national offices by providing a common framework for expedited examination. Two patent applications must have the same priority or filing date, and there must be sufficient correspondence of claims between the two applications. The GPPH request must be accompanied by a request for substantive examination; however, particular patent offices may choose to allow a GPPH request if substantive examination of the application has already commenced. IP Australia will be evaluating the results of the program with the other participating offices to determine if and how the program should be fully implemented beyond the pilot arrangement.

Notable non-participants in the GPPH include the European Patent Office (**EPO**) and the Chinese Patent Office (**SIPO**). EPO and SIPO are currently considering an alternative PPH program named IP5 PPH, along with the Japanese, Korean and the US patent offices.

Patent filing strategy

Based on our experience with the previous PPH system, we consider that the GPPH could prove to be an important part of a global filing strategy. In particular, an Australian application can serve as a very effective starting point. Expedited examination in Australia is already relatively easy, cost effective and of high quality, and a first examination report can be expected to be received within about two months of the examination request being filed. Patent applicants can therefore take advantage of the GPPH system by filing in Australia and proceeding with early and expedited examination as a starting point for fast-tracking examination in other countries around the world.

➤ Trade marks





Yellow is for sharing

Tuesday, 1 July 2014

By Tracy Lu, Lawyer

Further to our [post](#) on a decision on disputes over the word mark 'yellow', the Federal Court has handed down its decision on disputes over the colour yellow. This time, Telstra was unsuccessful in proving that the respondents (which included Phone Directories Company Pty Ltd) had engaged in misleading or deceptive conduct and passing off in the way that they had used the colour yellow for their print and electronic directories.

Alleged infringing conduct

Telstra's complaint relates to the respondents' use, since 2005, of yellow covers for their print directories (known as the 'Local Directories') and of the colour yellow on their website and on their mobile app which both had electronic directories.

Such use of the colour yellow, Telstra contended, constituted misleading or deceptive conduct and passing off, as it misrepresents to consumers that:

1. The respondents' print and electronic directories were Telstra's directories, Yellow Pages directories or local or regional versions of them.
2. The respondents' print and electronic directories were produced by, connected, associated, sponsored, approved, licensed, endorsed and/or affiliated with Telstra or its directories.

3. The respondents had a connection, association, affiliation, commercial and/or other arrangement with Telstra.

Telstra's reputation

While the judge accepted that Telstra established that it had acquired a secondary reputation in the colour yellow by 1996, the association in the minds of consumers between yellow and Telstra was insufficient because:

- The use of yellow covers is generic in the industry and directory users seeing yellow covers on a directory would see it as a directory, rather than as Telstra's product.
- Telstra only used yellow together with the *Yellow Pages* and *Walking Fingers* trade mark and not alone.
- Telstra's use of yellow covers was inconsistent and reduced over time between 1996 and 2012, therefore consumers concerned about trade sources would place less significance on yellow, standing alone, as the signifier of Telstra's products.

Relevant class of persons

The judge found that there were two relevant classes of persons for the purposes of assessing where there has been misleading or deceptive conduct: first, directory users in the relevant regions in which both the respondents' and Telstra's directories were published and secondly, advertisers or prospective advertisers in such directories.

In respect of directory users, the judge found that they were unlikely to be misled or deceived:

- There was evidence that yellow pages and yellow covers were widely used internationally and that yellow was internationally recognised by 1975 as the colour of classified directories. International use of the colour for directories is relevant to the extent such use is known by Australian consumers and therefore affects the association in their minds between yellow and Telstra.
- Directory users have little emotional involvement with directories and are likely to be more focussed on searching for information and on the functionality and features of directories rather than the branding.
- Therefore, directory users are likely to see yellow covers on a directory as signifying only that it is a directory, rather than that it is Telstra's product.

In respect of advertisers or prospective advertisers, the judge found that they were also unlikely to be misled or deceived:

- The respondents, when trying to persuade prospective advertisers to advertise in their directories, are likely to focus on their directories as being an alternative to Telstra's directories and on the differences and benefits as compared to Telstra's directories.
- Advertising in directories is expensive and advertisers or prospective advertisers are likely to have closely focussed on the respondents' directories for the purposes of assessing the likely effectiveness of advertising in these directories.
- The respondents' representatives conducted face-to-face meetings with prospective advertisers and clearly identified themselves as from 'Local Directories' (eg by use of company branded attire).

Sufficiently distinguished?

In any event, the judge held that, even if it had been found that Telstra did have a strong reputation in yellow as at 1996 and as at 2005 (the time of the alleged infringing conduct), Telstra still would not have been successful.

In adopting a primary colour such as yellow as a key part of its get-up, Telstra must accept that small differences in the get-up of other traders would be sufficient to distinguish. The respondents' products were sufficiently distinguished from those of Telstra:

- The overall get-up was quite different. One particular example is the use of a large rectangular photograph of a local landmark in the centre of the cover for the Local Directories as compared to the use of a stock photo on the Telstra directories.
- There were different trade marks used on the directories – the respondents used their LD Local Directories marks and Telstra used their *Yellow Pages*, *White Pages* and Walking Fingers logo marks.
- Telstra's *Yellow Pages* directories in most of the regions where the Local Directories were published were co-bound with its *White Pages* directories.
- The Local Directories were typically appreciably smaller in size.

Evidence

While voluminous amounts of evidence were produced to the Court, in the end the judge found that Telstra's viva voce and survey evidence were of little utility to support its claims. Viva voce evidence showing isolated examples of actual deception did not demonstrate the likelihood of deception of a reasonable person within the relevant class. The survey evidence, to the extent that it showed there was some confusion in the minds of consumers about the origin of the respondents' directories, did not prove that the confusion was as a result of the respondents' conduct.

Conclusion

This decision illustrates the difficulty of claiming monopoly over the use of a single colour in trade indicia which has become generic to an extent in the relevant field. Yellow is now strictly for sharing.

Finding Nappyland: does a registered trade mark trump all?



Thursday, April 3 2014

By Julia Kovarsky, Lawyer

In short, the answer is no.

The recent decision in [CI JI Family Pty Limited v National Australian Nappies \(NAN\) Pty Limited](#), which involved two family businesses trading in commercial quantities of nappies and other products, examined whether having a registered trade mark can be a defence to a claim for misleading or deceptive conduct, or passing off.

CI JI Family Pty Limited (**CJF**) (whose sole director was Mr Ngo) had traded as 'Nappyland' in New South Wales since 1999. The business name 'Nappy Land' was registered in New South Wales to Mr Ngo and his wife. CJF traded under the logo:



It was not registered as a trade mark.

By the time this case was commenced in the Federal Court, National Australian Nappies (NAN) Pty Limited (**NAN**) (whose sole director was Mr Ho), had been trading under the names 'National Australian Nappies' and 'Nappy Land' throughout Australia. Trading under 'Nappy Land' commenced in New South Wales in mid-2013. NAN had registered the business name 'Nappy Land' in Victoria, Queensland and South Australia. NAN had also registered the domain name www.nappyland.com.au, and the trade mark shown on the right.



The *Trade Marks Act 1995* (Cth) gives the registered owner of a trade mark the exclusive rights to use the trade mark.

Mr Ngo and Mr Ho had previously conducted the 'Nappyland' business as a partnership. In 1999, following disagreements, the partnership was dissolved, resulting in the split into CJF and NAN. Mr Ngo alleged that he bought out Mr Ho's share of the partnership in return for Mr Ho agreeing not to trade under the name 'Nappyland' (or similar) in New South Wales. When NAN began to use 'Nappy Land' in New South Wales, CJF and Mr Ngo sued for:

- breach of the 1999 agreement;
- misleading or deceptive conduct under s18 of the Australian Consumer Law; and
- passing off.

NAN and Mr Ho sought to defend the claims on the basis that NAN's registered 'Nappy Land' trade mark was a complete answer to any reliance by CJF and Mr Ngo upon any agreement, s18 or the law of passing off.

The claim based on the 1999 agreement was quickly dismissed, leaving the much more interesting issue of the significance of a registered trade mark as a defence to misleading or deceptive conduct and passing off.

Effect of a registered trade mark

Section 230 of the Trade Marks Act provides that the Act does not affect the law relating to passing off. So it was not altogether a surprise that Justice Flick held that '[t]he rights conferred upon the registered owner of a trade mark do not extend to a licence to engage in conduct which is misleading or deceptive or to engage in conduct which constitutes a passing off'.

Justice Flick found that NAN was engaging in conduct which had the potential to mislead, and did mislead persons, when it began using the 'Nappy Land' name and trade mark in New South Wales. Justice Flick took into account the visual and aural similarity of the words 'Nappyland' and 'Nappy Land', the fact that some CJF customers were in fact misled, and that both parties sold the same products.

Had it been necessary to reach a conclusion, Justice Flick also considered that the elements of passing off were made out. NAN had targeted its marketing by sending price lists to potential customers, and in doing so misrepresented that it was aligned with CJF. This misrepresentation was made to potential and actual customers of CJF in the course of trade, where injury to CJF's business was a reasonably foreseeable consequence and damage was probable.

While CJF's evidence regarding loss caused by NAN's conduct was regarded as inadequate, the judge was prepared to award CJF and Mr Ngo \$25,000 in damages as a reasonable estimate. An injunction was also granted.

The moral of the story?

Registering a trade mark does not allow the registered owner to conduct themselves in a way that is misleading or deceptive, or which would constitute passing off. Trade mark owners must remain alert to the potential for a statutory or common law actions, notwithstanding the rights conferred by registering a trade mark.

Bugatti v Bugatchi: The cost of trade mark infringement



Friday, March 21 2014

By Kimberley Evans, Associate and Trade Mark Attorney

In early December 2013, [this IP blog reported](#) the decision in [Bugatti GmbH v Shine Forever Men Pty Ltd \(*Shine Forever \[Strike?\] No. 1*\)](#) in which Shine Forever's BUGATCHI UOMO trade mark was found to infringe Bugatti's registered BUGATTI trade mark. Since the time of our post, there has been an opposition decision from IP Australia as well as an order for compensation by way of an account of profits from the Federal Court and Shine Forever ain't looking so shiny now...

Two-sentence summary of the Trade Mark opposition decision

The Trade Mark Registrar's [opposition decision](#), following the judgement of Justice Tracey in Shine Forever No. 1, unsurprisingly found that the BUGATCHI UOMO mark was deceptively similar to the BUGATTI registered trade mark under section 44. The Registrar's delegate considered whether the applicant's evidence established prior continuous use, honest concurrent use or other circumstances which would make it proper for the Registrar to accept the application but dismissed these 'defences' and refused to register the application for BUGATCHI UOMO.

I think we can call that 'Strike 2'...

Bugatti GmbH v Shine Forever Men Pty Ltd (No 2) – Strike 3?

On 7 March 2014, Justice Tracey followed up his decision in *Shine Forever No. 1* with an order for compensation for Shine Forever's infringement of Bugatti's registered trade marks. While Bugatti submitted detailed arguments in support of its request for an account of profits (totaling \$551, 159.39), Shine Forever tarnished itself further by failing to comply with the court's orders in a timely way and served up affidavits, which His Honour described as incomplete, inadequate and suffering from numerous deficiencies – strike 3? Shine Forever was definitely 'Out!' when it failed to enter an appearance on 17 February 2014, particularly given that an earlier hearing had been adjourned for the sole purpose of

allowing Shine Forever an opportunity to make submissions on the question of compensation.

Justice Tracey's [judgment](#) was short and sweet when awarding Bugatti the exact account of profits it had requested, plus indemnity costs. While commenting that Bugatti's process of calculating the account of profits sought was far from ideal, Justice Tracey found that there was not enough evidence from Shine Forever to allow His Honour to make a fully informed decision. Any concerns that His Honour faced regarding Bugatti's calculations were offset by Bugatti's willingness to make allowances in favour of Shine Forever and His Honour's opinion that Bugatti should not be prejudiced by Shine Forever's failure to provide evidence and submissions on the account of profits in accordance with court orders.

Take home message?

It literally pays to provide a reasonable and detailed basis for the calculation of compensation sought (particularly in circumstances where the respondent doesn't make an appearance).

Snorkel decision breathes life into quasi design protection



Wednesday, February 19 2014

By Mark Williams, Senior Associate and Trade Mark Attorney

A recent [decision of the Australian Trade Marks Office](#) has confirmed that composite trade marks consisting of a combination of shape and word/logo elements can be considered inherently capable of distinguishing, even when the shape has a functional purpose.

Australian Performance Developments Pty Ltd (**APD**) sought registration of the following composite trade mark in respect of air rams and air intake snorkels for vehicles in class 12.

APD's application was opposed by Ironman 4X4 Pty Ltd, who argued that the SAFARI SNORKEL logo applied to the air ram was merely a 'colourable flourish' and that the application was really a shape trade mark. It contended that registration of the trade mark would extend to APD an unfair monopoly in respect of a shape of an air ram that may legitimately be required for use by other traders.

APD responded by referring to a number of air intakes in the market to demonstrate that the shape of its product was not the only shape that could be used to achieve the functional purpose required for an air intake snorkel. In any event, it argued that the trade mark in question was more than just a shape, with the SAFARI SNORKEL logo providing an element distinct from the inherent form of the goods.

The Hearing Officer had little trouble in finding the trade mark inherently capable of distinguishing the claimed goods. He placed particular importance on the fact that air rams and air intake snorkels are the type of goods that are likely to be carefully inspected prior to purchase, and that in those circumstances, the SAFARI SNORKEL logo would be plainly evident to consumers. He also considered the fact that the SAFARI SNORKEL logo, being a registered trade mark, had already be deemed inherently capable of distinguishing such goods.

Each of the Opponent's independent declarants specifically referred to the existence of the word and shape elements of the trade mark. In fact, one of the declarants said:

"Purchasers of air rams rely on logos, get up and word marks to indicate the trade origin of such goods and view the shape as performing functional significance only."

Presumably the intention of that evidence was to show that the shape did not perform as a trade mark and so the combination mark was not capable of distinguishing APD's goods – only the logo was. However, that plan backfired.

The Hearing Officer said that this confirmed that the composite trade mark as a whole was inherently capable of distinguishing the Applicant's goods.

Ironman also pressed the ground of opposition that APD did not intend to use the trade mark. It cited [Beecham Group Plc v Colgate Palmolive Company](#) as authority for the proposition that if a trade mark is filed simply for the purpose of gaining some advantage over the market without an intention to use it as a badge of origin, there will not be the requisite intention to use the trade mark pursuant to section 59.

However, the Hearing Officer dismissed the section 59 ground, accepting APD's evidence of actual use of the trade mark to designate its goods both before and after the filing date of the application.

Summary

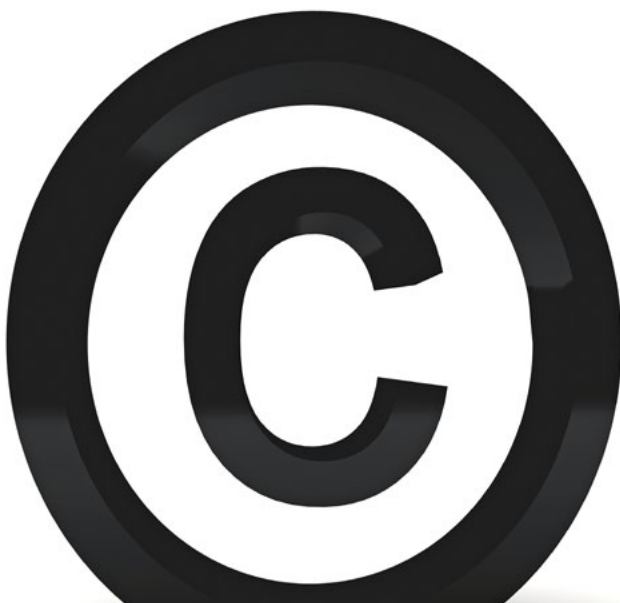
It seems that the real issue to the registration of composite shape trade marks is: how broadly will they be construed by the courts? Will a court deem a similarly-shaped air ram and snorkel without the words deceptively similar to the composite trade mark? Would such a use be use of the shape as a trade mark?

Given the Australian Trade Mark Office's current practice of citing marks which include an essential element of a prior trade mark, will it cite the composite trade mark against a later similar shape application despite the fact that the shape element of the composite trade mark is not, of itself, inherently capable of distinguishing?

Maybe the application of word or logo elements to shape trade marks is something that can be exploited by trade mark owners. Although it must surely be the case that the rights ultimately secured by filing such trade marks must be narrow (particularly in those cases where the word/logo is already registered), registration of the composite trade mark could provide perpetual quasi design protection, and may even be used in Customs Notices of Objection to assist in the seizing similarly-shaped goods at the border.



➤ Copyright



Try bombed – footy injunction application fails



Thursday, 3 July 2014.

By Stephanie Essey, Lawyer

In a recent [case](#), Sports Data, the NRL's former statistics supplier, sought an interlocutory injunction against what it saw as the misuse of copyright in its database and the confidential information in it by Prozone, NRL's new statistics supplier.

In a recent case, Sports Data, the NRL's former statistics supplier, sought an interlocutory injunction against what it saw as the misuse of copyright in its database and the confidential information in it by Prozone, NRL's new statistics supplier.

Sports Data had developed a database populated with fields which set out events in NRL games that were to be recorded. Sports Data alleged that Prozone copied confidential input criteria from the Sports Data database without consent in the process of creating its own event template. Sports Data also claimed that Prozone infringed its copyright in the input criteria by reproducing a substantial part of its copyright work in the Rugby League Definitions Guide 2014.

Big forwards out of gas: weak confidentiality case

The facts showed that Sports Data had failed to adequately particularise the information it claimed to be confidential. Sports Data asserted that the entire compilation of events in the database constituted confidential information, but his Honour found that it was not possible to infer that Prozone had used the whole compilation rather than particular items contained within it.

Further, Sports Data did not succeed in proving that the information had the necessary quality of confidentiality. While the database contained a notice asserting confidentiality, it could be accessed by customers (including NRL clubs) without their viewing that notice. Although his Honour drew the prima facie inference that Prozone had indeed received some information about Sports Data's input criteria, the circumstances in which Prozone received the information remained unclear to the court – most importantly, whether those circumstances identified an obligation of confidence. A purported notice of confidentiality provided by letter to Prozone was ineffective as it merely asserted copyright and did so at least a month after Prozone had received the information.

Full credit to the other side tonight: weak copyright case

His Honour found that Sports Data had, at best, demonstrated a very weak prima facie case of copyright infringement.

Wigney J emphasised the ambiguity in Sports Data's definition of the alleged copyright work; it was unclear whether the work comprised the input criteria (simply a list of rugby league event descriptions) or particular

tables or fields from the database. Ultimately, his Honour determined that the work constituted four tables drawn from the 50 tables comprising the database and that Sports Data employees had authored those tables, and there was enough mental effort and originality such that the work may have been eligible for copyright protection.

However, his Honour held that Sports Data had not established a prima facie case that Prozone had reproduced a substantial part of the copyright work. The absence of a substantial objective similarity between Sports Data's compilation and Prozone's Guide (whether considered with respect to quality or quantity) was instrumental. While some event descriptions had been reproduced, Sports Data had failed to demonstrate that the selection, structure and arrangement (which are critical when the work is simply a list of factual material) were substantially identical. Wigney J was also unpersuaded by Sports Data's evidence regarding causation, due to the lack of evidence that Prozone had actually obtained and copied all or a substantial part of the copyright work.

Wigney J briefly considered whether extracts from a much larger work (here, four tables from 50) could legitimately comprise a copyright work. In particular, his Honour expressed concern that allowing applicants to assert copyright in certain sections of a larger work might allow them to sidestep the substantiality requirement in an infringement claim. His Honour found that it was not necessary to reach a conclusion on the question, but expressed the preliminary view that defining a copyright work in this manner might well prove impermissible at trial.

0 from 3

While it was strictly unnecessary to consider the balance of convenience, Wigney J addressed the arguments the parties had raised. His Honour found that the balance of convenience did not fall in Sports Data's favour and that interlocutory relief [would not have been awarded](#) even if Sports Data had made out a prima facie case with regard to either of the causes of action. The evidence led by Sports Data regarding its financial and business position was incomplete and therefore inconclusive, and his Honour reasoned that its position would be unlikely to be improved by the grant of the injunctions it sought. For instance, there was no evidence that the NRL clubs would seek to engage Sports Data's services again. For that reason, his Honour

was not satisfied that damages would be an inadequate remedy for Sports Data or that Sports Data would suffer irreparable harm if interlocutory relief was not granted.

Furthermore, his Honour considered it possible that Prozone and its employees would suffer harm if an injunction rendered it unable to perform its obligations under its contract with the NRL. The NRL would also be inconvenienced as it would need to retain an alternative statistics provider.

Giving 110% on the field

- Remember to carefully and specifically define the literary work in a copyright infringement claim. The decision also builds on [case law](#) addressing copyright in databases by emphasising the importance of proving substantial reproduction and causation (both of which can be influenced by the way the work is identified).
- Flag the confidentiality of confidential information at the earliest possible opportunity (ideally when imparted).
- Seek interlocutory relief in a timely manner.

Imitation is not the highest form of flattery – it's copyright infringement!



Wednesday, May 7 2014

By Julia Kovarsky, Lawyer

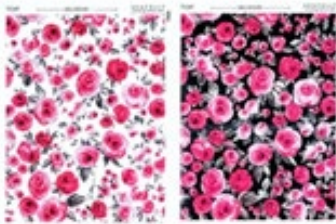
When a competitor's product is used as 'inspiration' for another company's similar product, there is a fine line between independent creation and copyright infringement. The recent decision of Justice Dodds-Streeton in *Seafolly Pty Limited v Fewstone Pty Ltd* [2014] FCA 321, which saw swimwear heavyweights Seafolly and City Beach (Fewstone) in a dispute over three Seafolly designs, shows what happens when you fall on the wrong side of that line.

The decision stretches to just shy of 650 paragraphs – not surprising given the volume of factual evidence about subsistence of copyright and whether a substantial part of the copyright works had been taken. Whilst the legal tests for copyright subsistence and infringement are easy to state – idea/form of expression dichotomy and qualitative assessment of substantiality – they are often difficult to apply in practice. The degree of originality, the cumulative

effect of what has been taken from the original work and the particular balance or juxtaposition of features in the original work are all matters that go into the melting pot in determining whether there has been infringement. And it certainly didn't assist City Beach that its employees in internal communications had referred to one of the infringing designs as a 'Seafolly knock-off'.

The artworks in issue were:

Seafolly's English Rose



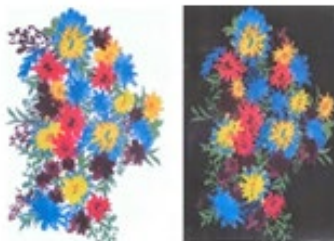
v City Beach's Rosette



Seafolly's Covent Garden



v City Beach's Sienna



Seafolly's Seniorita



v City Beach's Richelle



Copyright subsistence

City Beach conceded that copyright subsisted, and was owned by Seafolly, in the English Rose and Covent Garden artworks, but not the Seniorita artwork. It argued the design was unoriginal and inevitably produced by an industrial sewing machine. Although expert evidence confirmed that diamond patterns were very common, there was no evidence to show that that the shape was inevitable. Rather, the embroidery was the product of labour, skill and effort, together with a process of trial and error, on the part of the Seafolly designers in which copyright subsisted. City Beach had to admit that if copyright subsisted in the Seniorita artwork, Seafolly owned it.

No right to adaptation of artistic work

City Beach's defence began by focusing on the fact that owners of copyright in an artistic work do not have an exclusive right to create adaptations of the work. It was submitted that an adaptation of artistic works could be made by anyone, and that infringement therefore 'required a strict, faithful and exact reproduction'. City Beach's swimwear collection was argued to be an adaptation of Seafolly's artworks, which Seafolly had no right to restrain. This argument was quickly rejected since copyright in artistic works would be almost worthless if only exact reproduction constituted infringement.

Substantial part of an artistic work

City Beach's next line of defence was that there was insufficient objective similarity between the Seafolly artworks and City Beach's designs. It was also argued that any parts taken from Seafolly's artworks were not substantial. Justice Dodds-Streeton emphasised that only those parts originating with the author would be substantial. When the details of the composition originate with the author, then those details can be a substantial part of the work. In determining whether elements of an artwork are a substantial part, it is wrong to merely focus on similarities and differences between the original and infringing work. Her Honour affirmed previous authority that a substantial part can be a feature or combination of features of the work, abstracted from it rather than forming a discrete part.

City Beach claimed that Seafolly's artworks were merely used as 'inspiration' and the parts taken were commonplace or derived from other works. This argument likewise failed to impress. Justice Dodds-Streeton found that there was 'considerable scope for originality' in the way the features of the Seafolly artworks could have been combined, arranged and balanced. By using similar elements and combination of elements as the Seafolly artworks, which cumulatively made up a substantial part of the works, City Beach's designs were more than just inspired by Seafolly, they were copyright infringement.

The copyright-design overlap

The question of a corresponding design being industrially applied was only raised in respect of Seafolly's *Senorita* artwork. City Beach first had to prove that the *Senorita* embroidery was a 'corresponding design' within the meaning of s 74(1) of the Copyright Act. In that regard, City Beach claimed that the embroidery was a three-dimensional embodiment of the *Senorita* artwork which was woven into, and had become part of, the structure of the *Senorita* swimwear. Continuing City Beach's run of rejected arguments, Justice Dodds-Streeton did not consider the embroidery to be a 'corresponding design', but rather, a feature of pattern or ornamentation applied to the surface of the swimwear. If an artistic work cannot be made into the product and is simply a constituent part of another product, it is not a corresponding design.

Conclusion

Seafolly successfully showed that City Beach's swimwear range crossed the line between acceptable use of its swimwear for inspiration and creating copyright infringing 'knock-offs'. City Beach ended up paying a hefty price for its actions. Seafolly was awarded damages of \$250,333.06, comprising \$80,333.06 compensatory damages for lost profits, \$20,000 compensatory damages for damage to its reputation, and \$150,000 in additional damages for the flagrancy of the infringement.

➤ Designs



Protecting designs in the age of 3D Printing



Wednesday, July 23 2014

By Lester Miller, Senior Associate and Patent Attorney

You really should see Theo Jansen's brilliant, articulated *Animaris Geneticus Parvus* emerge from a 3D printer, finished and without any assembly required, and walk itself across a boardroom table powered only by the breeze of conversation. There is brief elation, then the shock of being dumped unprepared into an unfamiliar world.

The Maker Movement has arrived, taking advantage of fast data transfer across national borders for instructing affordable machines to build tangible products. Designs law around the world is already being reviewed in an attempt to keep it relevant to this new technology.

What is 3D printing?

There is more than one way to 3D print products on your desk, but one of the important methods is Fused Deposition Modelling, [patented](#) in 1992 (now expired) by Stratasys. FDM uses a computer-controlled dispensing head to place a thin layer of liquid material on a base. After the bottom layer solidifies, the head indexes upwards to drop other layers on the lower ones to form a product. Usable materials include at least 50 plastic types, rubbers, metals and even biological materials. Dita von Teese was the main attraction in a 3D printed net gown at an event in New York last [year](#), while it is anticipated that the first fully functioning human organ will be 3D printed within a [year](#).

Consumer 3D printers can be yours for less than \$2000, printing coffee cup-sized products for a few dollars.

Creating and using model data

To design a product, a designer uses a computer modelling package which outputs the product details to a stereo lithographic (STL) file. A converting software client then changes that file to another format, which gives path and dispensing instructions to the dispensing head.

To copy a product, laser digitisers scan 3D objects and create an STL file. Usually everyone scans their own head first (do it annually for fun), and then they move on to copying existing products.

A large [number](#) of [websites](#) provide STL files of original designs, many for [free](#).

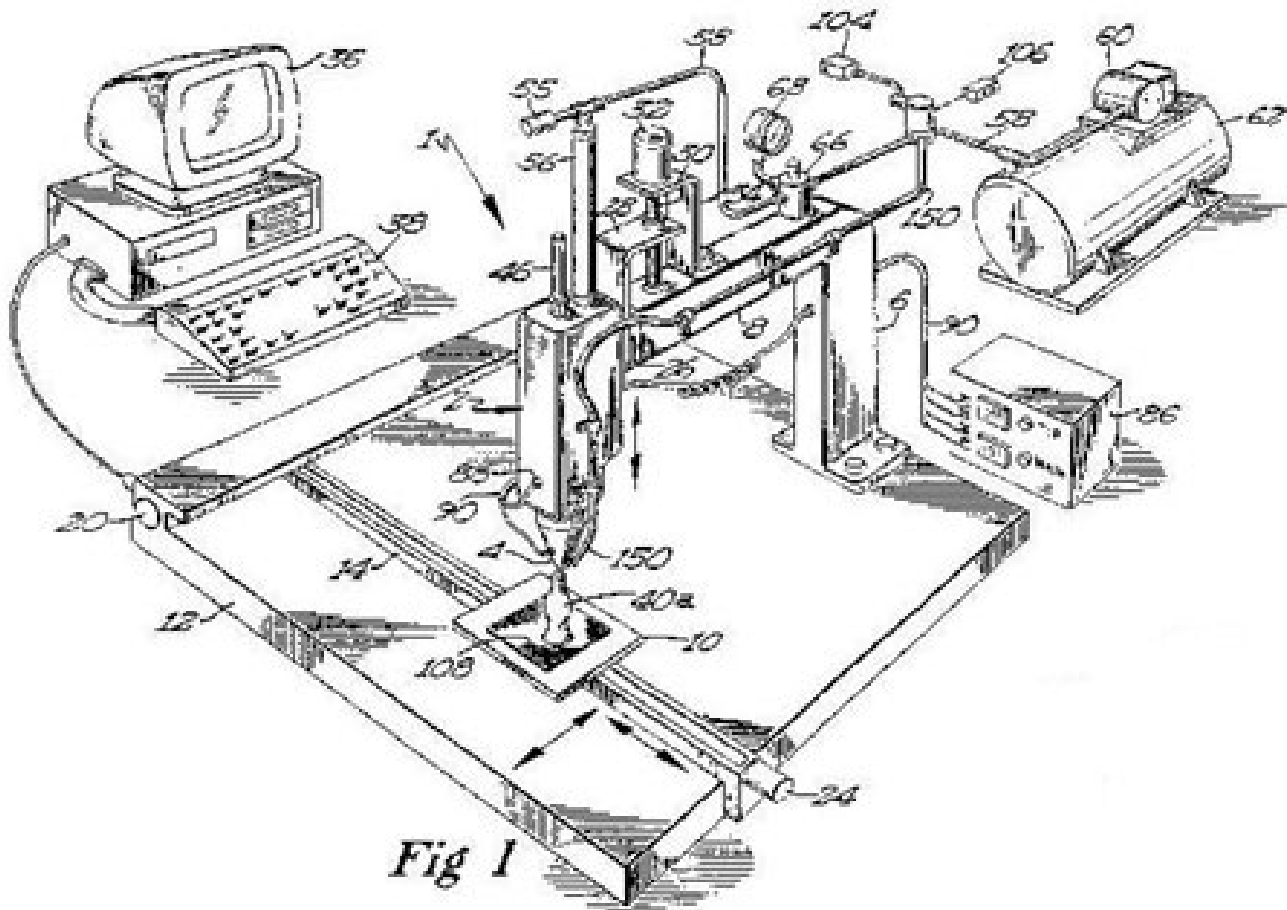


Figure 1 of Crump FDM patent US 5121329

Downloading protected products for free!

Imagine a successful product, the subject of an Australian registered design. Overseas, a person scans the product and makes an STL file available, hosted on a server in a country where the designer did not seek registered design protection. A user in Australia downloads the file and makes it here on their own printer. What remedies can the owner of the registration seek? And against whom?

(a) Some present actions

The design owner may consider suing the Australian maker for making, offering to make, importing for sale, selling, using in business, keeping for sale in relation to a product

identical to or substantially similar in overall impression to, the registered design. This is possible, but suing individuals is unlikely to be commercially palatable for a design owner.

Similarly it would be difficult to make a legal case that there has been third-party authorisation of a design infringement by the provider of the STL file, or that that party is a joint tortfeasor with the maker of the design, because of the high bar set for establishing those grounds and the ease of working around the relevant provisions. It is also not clear whether a take-down request would be observed in one jurisdiction when the design right is in another.

Some Australian [cases](#) indicate that posting an STL file on a foreign website may be considered to be an offer to make, but it would probably need to be proved that the website targeted Australia.

(b) Potential actions under possible amendments to the Australian Designs Act

(i) “Product” redefined

‘Product’ in the Designs Act 2003 is defined as a ‘thing that is manufactured or hand made’. Kits are included in the definition if, when they are assembled, are a protected product. Neither “product” or “kit” in their present narrowly-defined [form](#) seems apt to cover an STL file on a computer.

But it does not seem a large conceptual stretch to extend the definition of “product” to a data file for input to a machine for making the product, whether or not the data file is further transformed to instructions to make the product via head pathways or other methods. This would arguably inhibit the making of the file in Australia, transmission of the file to Australia (importation for sale), keeping for sale or offering to sell in Australia.

In support of this small stretch, last month the United States International Trade Commission [confirmed](#) parts of an Initial Determination of a presiding Administrative Law Judge which found that an electronic transmission of a digital data set constituted “importation of articles”.

(ii) Contributory infringement

Designs law could include something similar to the contributory infringement regime of s117 of the Patents Act 1990: if the use by a person of a product having only one reasonable use would infringe a patent, then the supply of the product to that person would infringe the patent. This could cover the provision and/or transmission of a data file in or to Australia containing details of a protected product.

ACIP Designs Review

The Advisory Council on Intellectual Property is currently reviewing the Australian designs system. An issues paper is to be released in July 2014 and there will be consultation on that paper in August and September. ACIP anticipates that recommendations to the Government will be finalised by November 2014.

Conclusion

3D printing presents great opportunities for realising efficiencies in designing and manufacturing prototypes and products. But as a result of widespread copying and the international availability of data files of protected products, IP owners risk loss of income, while ISPs and technology companies may risk potential liability for secondary infringement if they are seen to have authorised design infringement. The problems of copyright owners are now the problems of design owners, who should be vigilant in putting in place suitable strategies, starting with conducting regular searches for their products (or close copies) on [Maker](#) websites.

The situation for design owners and makers will be clearer in a few months’ time once the ACIP consultation process is complete and it has made its recommendations to the Government.

(A longer version of this article was first published in The Australian Intellectual Property Law Bulletin, Vol 27 No 5 p118)

➤ International issues





The rise of IP in China

Friday, May 16 2014

By Tracy Lu, Lawyer

Every year, China celebrates ‘China Intellectual Property Rights Publicity Week’ across the country. It’s popular – 24 government departments, including the State Intellectual Property Office (SIPO), get involved and this time over 50 events were held. You missed the 2014 instalment – it is timed to coincide with World IP Day on 26 April – so if you’re going to China this year, make it for the serenely beautiful karst mountains standing over the milky-jade Li River in Yangshuo instead. But read our summary of the highlights of China’s IP Week below.

How many suits?

During the 2014 IP Week, the Supreme People’s Court released a White Paper on Intellectual Property Rights Protection. The White Paper explores the current status of IP rights protection in China and looks at developments over the course of 2013, providing some key statistics and case studies. In the past year, there were 88,583 new IP proceedings commenced in local courts around the country and 88,286 cases were determined. The subject matter of the new proceedings includes:

- 9,195 cases – patents
- 23,272 cases – trade marks
- 51,351 cases – copyright
- 949 cases – technical contracts
- 1,302 cases – unfair competition
- 2,514 cases – other

Infringement sentences

The National Copyright Administration also released a White Paper on the Top 10 Anti-Infringement and Anti-Piracy Cases for 2013 and a report on the progress of the eradication of pirated software. The top 10 cases include:

- Copyright infringement actions in respect of audiovisual works brought by various Chinese internet and media service companies including behemoths Youku, Tencent and Sohu against online streaming service provider Kuaibo and internet service provider Baidu. Fines of RMB 250,000 were issued to each of the infringers.
- Copyright infringement actions in respect of the video game “The Legend of Mir” brought by Nasdaq-listed online games and book publisher Shanda against seven individuals. Fines varying from RMB 40,000 to 1.5 million were issued to the infringers, who were also sentenced to periods of imprisonment.

Gold and Bronze for China

In the opening conference for the 2014 China IP Week, the head of SIPO, Mr Shen Changyu, emphasised the rapid growth of IP in China, with annual Chinese-originating PCT applications now sitting at 3rd place in the world (at 20,000 – pushing Germany into fourth place) and the number of trade mark applications sitting at first place in the world for the 12th year in a row (at a staggering 1.8 million applications). An address was also given by Francis Gurry, the recently re-appointed Director General of WIPO (amongst his many other achievements he is also an Australian and an Allens alumnus).

Future Directions

SIPO says it wants to encourage and lead Chinese businesses to seek IP protection actively abroad, so as to complement efforts in carrying out the central government's overseas business expansion strategy (ie its "Going Out" policy). This focus is also partly informed by the spate of recent section 337 investigations (which most often involve claims regarding allegations of IP infringement by imported goods) conducted by the US International Trade Commission into Chinese telecommunications companies ZTE and Huawei.

The scale of this year's events seems to reflect a shift in attitude, from the top level down, in respect of the importance of IP protection. It may show recognition on the part of the Chinese government that in order for Chinese businesses to be competitive internationally, they must become better versed in overseas rules and regulations, including in the IP space.

The (internet addressing) revolution is here



Friday, January 24 2014

By Joel Barrett, Senior Associate

Would a ninja be blowing his cover by registering a domain name in the .NINJA space? Will .SEXY overtake .XXX as the gTLD of choice for the adult entertainment industry? Will Corn Station LLC, the registry operator of .EQUIPMENT, open domain name registrations to everybody in the equipment business or will we only ever see websites about corn threshers and maize shellers?

These are just three of the important questions we will need to face now that .NINJA, .SEXY and .EQUIPMENT, along with 104 other new gTLDs, have been introduced into the internet's root zone (or 'delegated', in fancy tech-speak). It has taken more than eight years of policy development, stakeholder consultation and rule drafting, but the New gTLD Program, so carefully nurtured by the Internet Corporation for Assigned Names and Numbers (**ICANN**) since December 2005, is finally starting to bear fruit.

The impact of the New gTLD Program on the way we use the internet, and the number of legal issues that could arise in relation to cyber-squatting and other online mischief, is likely to be substantial. For those who are unfamiliar with the New gTLD Program or internet addressing generally, gTLD stands for 'generic Top Level Domain' and refers to the extension in a web address that comes immediately after the domain name. For the last decade or so, there have been just over 20 available gTLDs, the most common ones being

.COM, .NET and .ORG (although there are plenty of obscure ones you may never have seen, including .AERO for use by the air transport industry, .JOBS for employment-related websites and .CAT for websites about Catalan language and culture, *not* adorable cat memes).

Under the New gTLD Program, however, all 'established corporations, organisations or institutions in good standing' were invited by ICANN to apply for one or more new gTLDs to be added to the internet. ICANN received almost 2000 applications during the first round. There were few limitations on new gTLDs, and applications included brand names (.AMEX, .KINDLE, .NIKE), geographical regions (.AFRICA, .SYDNEY, .ALSACE), communities (.ISLAM, .SCOT, .GAY) and generic words (.FOOD, .NEWS, .STORE).

Applications in the first round closed on 12 April 2012 (there may be a second round in the distant future, but that will presumably depend on the success of the first round). On 23 October 2013, after many long months

of stringently evaluating applications to ensure that the applicant has the operational, technical and financial capacity to operate a gTLD registry without compromising the security or stability of the domain name system, ICANN finally delegated the first new gTLDs. There are 107 so far, ranging from the generic (.SHOES, .PHOTOGRAPHY, .REPAIR) to the geographical and community-based (.BERLIN, .KIWI, .DEMOCRAT) to the slightly bizarre (.我爱你, which means 'I love you' in Chinese). Even a few Australian applicants have achieved delegation at this early stage (.MONASH, .CEO and .ك.ب.ش, which means 'network' in Arabic). In a matter of weeks, domain names should become available for registration in these gTLDs, and the number of delegated gTLDs will continue to grow as ICANN wades through the remaining applications. It is estimated that there could be around 1400 new gTLDs by the end of the first round.

While the questions at the start of this post might be vitally important from a philosophical point of view, the more pressing question from a legal perspective is whether such a dramatic expansion of the internet will only serve to aggravate the headaches that rights holders currently suffer in the online environment. At the moment, it is difficult for rights holders with established brands to monitor the internet for cyber-squatting, trade mark infringement, copyright infringement and misleading or deceptive conduct. The introduction of potentially hundreds of new gTLDs will provide many more opportunities for

such bad faith conduct, and it is expected that the exercise of monitoring the internet will become that much more onerous.

Now that several new gTLDs are about to go live, we are one step closer to finding out just how challenging the New gTLD Program will be for rights holders and whether the suite of rights protection mechanisms promised by ICANN – the Trademark Claims and Sunrise services (to be supported by the Trademark Clearinghouse), the Uniform Rapid Suspension process and the Trademark Post-Delegation Dispute Resolution Procedure – will alleviate the pain.

Allens › ‹ Linklaters