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Scintilla
*Intellectual Property
in Review*

November 2014



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Introduction

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

Scintilla – a flash, a spark. Shorthand for creativity and an indicator of inventiveness under Australian law.

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 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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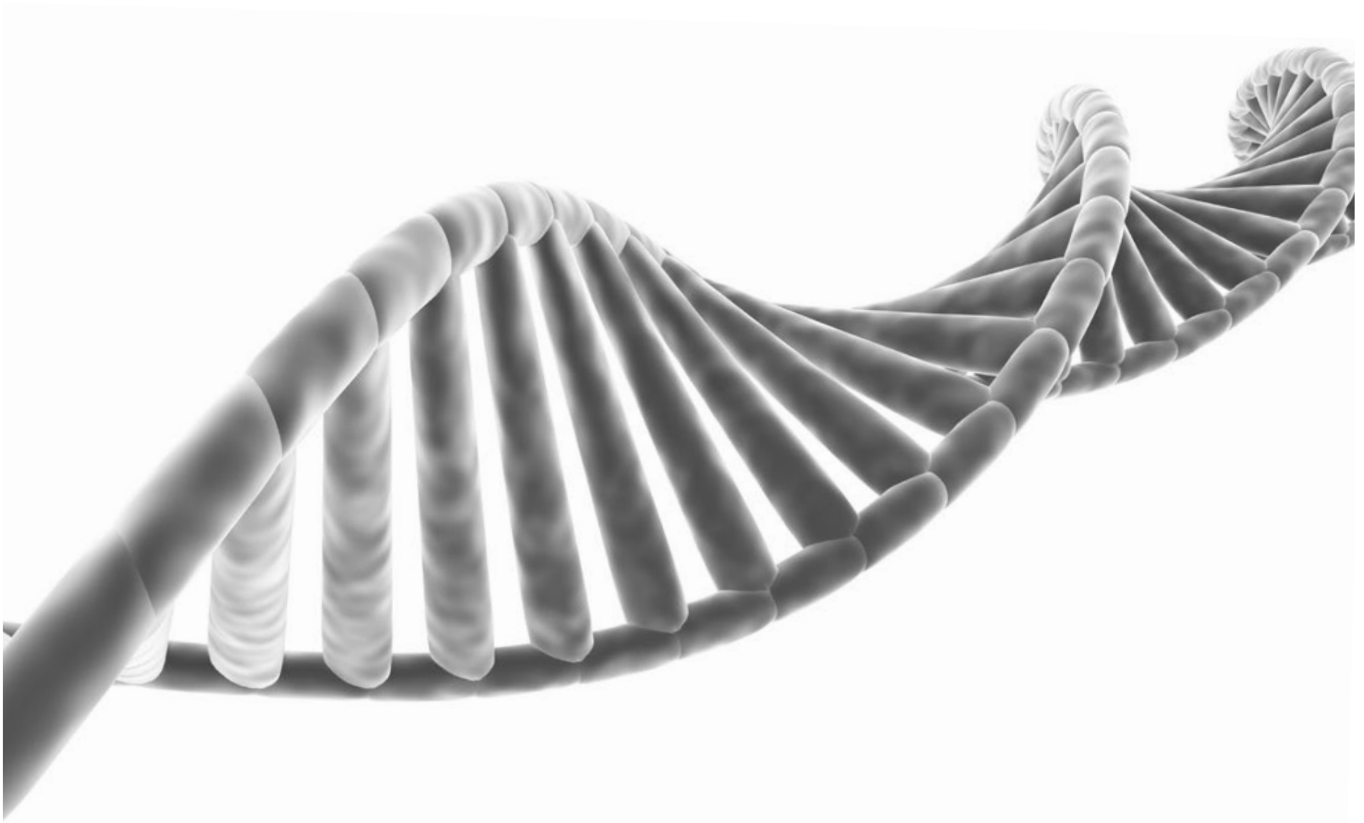


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Patents



Isolated genetic material confirmed as patentable



Friday, September 5, 2014

Author Dr Tony Shaw, Associate and Patent Attorney

In a unanimous decision handed down today in *D'Arcy v Myriad Genetics*, the Full Federal Court, comprising a full bench of five judges, has dismissed the appeal from the decision of Justice Nicholas in *Cancer Voices v Myriad Genetics* and confirmed that genetic materials in their isolated form remain patentable in Australia.

As we have previously reported [here](#), in *Cancer Voices v Myriad Genetics* Justice Nicholas found isolated nucleic acids to be a 'manner of manufacture' as required by the Patents Act 1990 and therefore patentable subject matter. Applying the High Court's decision in the landmark *NRDC* case, his Honour held that isolated nucleic acids consist of 'an artificial state of affairs, that has some discernible effect, and that is of utility in a field of economic endeavor' and are patentable. Relevantly, Justice Nicholas noted that *NRDC* does not require the court to ask whether a composition of matter is a 'product of nature' for the purpose of deciding whether or not it constitutes patentable subject matter.

The appeal centered on claim 1 of Australian Patent No 686004:

1. An isolated nucleic acid coding for a mutant or polymorphic BRCA1 polypeptide, said nucleic acid containing in comparison to the BRCA1 polypeptide encoding sequence set forth in SEQ.ID No:1 one or more mutations or polymorphisms selected from the mutations

set forth in Tables 12, 12A and 14 and the polymorphisms set forth in Tables 18 and 19.

The Full Court rejected D'Arcy's arguments and found the isolated nucleic acid of claim 1, including cDNA, is 'an artificially created state of affairs for economic benefit' and that '[t]he claimed product is properly the subject of letters patent'. Accordingly, the appeal was dismissed.

Importantly, genes and other biological materials in their natural state in human cells or in a person's body are not, and have never been, patentable.

The decision will be welcomed by the Australian biotechnology industry and should give comfort to patients that new diagnostics and medical treatments will continue to be developed and commercialised in Australia. As the lawyers for D'Arcy have indicated that they will fight it 'to the end', flagging a potential appeal application to the High Court of Australia, today's decision may not be the last.

We published a *Focus* analysing the reasoning in more detail – please [click here](#) to read it.

Agribusiness innovation catches rival going over the wall



Tuesday, October 28, 2014

Author Lester Miller, Senior Associate and Patent Attorney

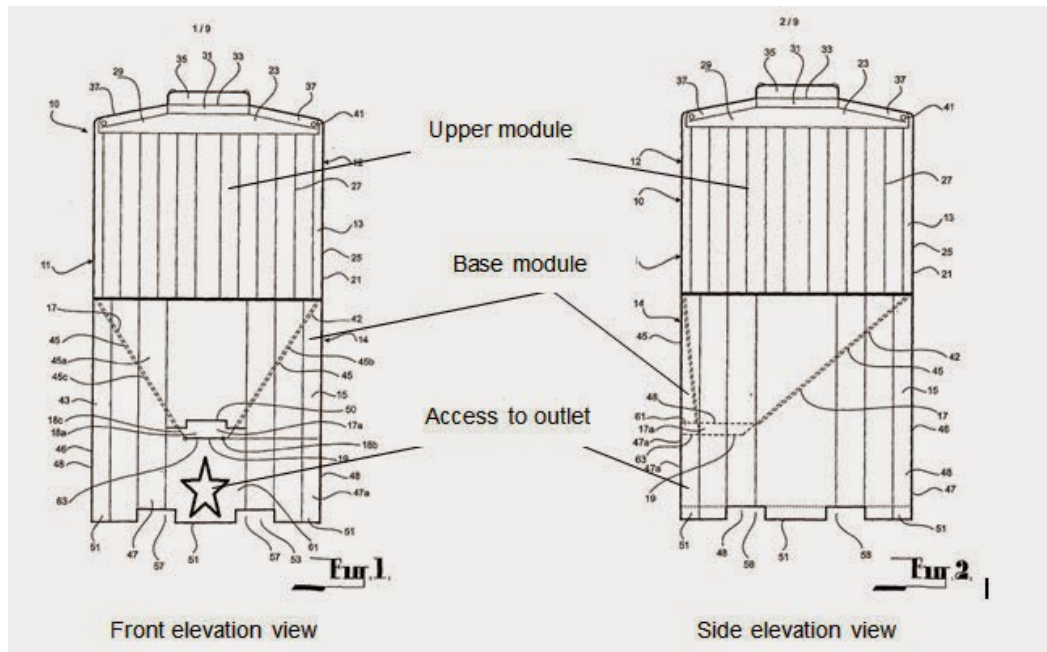
There is a misconception that a patent can be circumvented by a modification of a product by 10 per cent or 20 per cent. In reality, if the wording defining a part in a patent claim covers a functionally equivalent variation of that part in a different product, there is infringement of the patent (if all other parts are the same). In last month's [Full Federal Court](#) decision on an Australian innovation patent for a grain bin, the main difference between the patented bin and a rival bin was a deep open V-cut in a side wall instead of a hole for access to a grain outlet gate on the other side of the wall.

There's a patent for that

Australian Keg Company Pty Ltd was awarded an innovation patent for its animal feed storage bin. The bin had upper and base modules, one fitting into the other, as shown below. The upper module was a cube with a pyramid, which fitted upside-down into the base, which was a hollow open-topped cube, with angled support walls to cradle the pyramid. The star in the drawing below shows the location

of an access recess in a base module wall to reach a grain outlet gate. The Keg patent claim did not use 'hole' or 'recess', but said the base was 'adapted to provide access to the outlet through the exterior side wall of the base'.

The patent claim had 15 features. If the respondent's Stor-Cube did not take one of the features, then there would be no infringement.



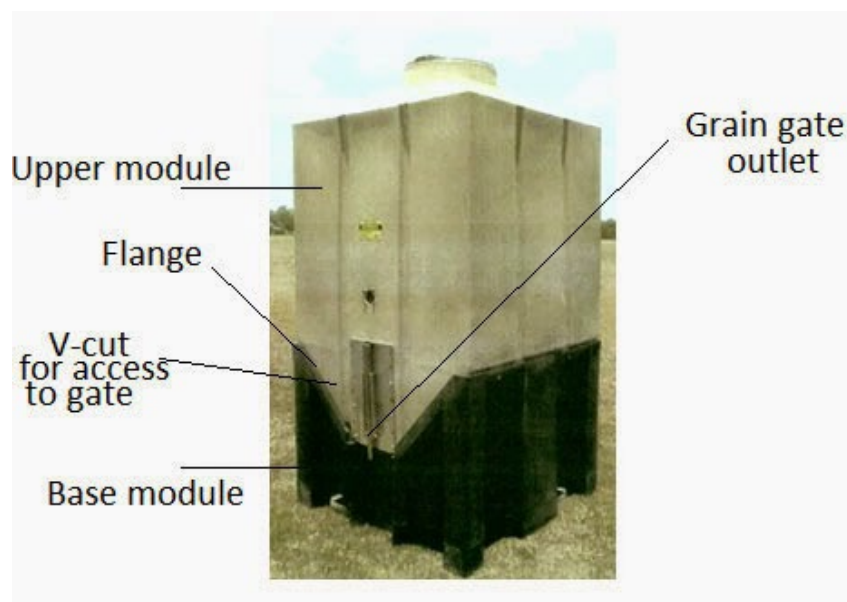
Real cut-through

A picture of the Stor-Cube is below. Two points of difference were argued by the respondents.

First, the outlet of the Stor-Cube appeared to be mounted in a lower part of the side wall of the upper module but the Full Federal Court agreed that it was still mounted in the

‘bottom’ of that upper module, taking that feature of the claim.

The most interesting argument related to the ‘through the... wall’ feature. There was a V-cut in the base module wall. Did that V-cut actually provide access to the outlet *through* the base wall or did it do something else? The Stor-Cube owners argued that it gave access to the outlet above and therefore over the base wall.



Victory of function over form

The trial judge, Justice Dowsett, [found](#), as have [many others](#), that when construing the wording of patent claims it is not just the definition of one word but whole phrases and indeed the context of the entire claim that matters. The main argument was therefore too focussed on the word ‘through’. With the court’s broader and functional approach, it was found that the claimed base wall was defined to surround the upper portion, and that wall was ‘adapted’ (*Fit, adjust, make suitable*) to provide ‘access’ (*a way or means of approach*) ‘through’ (*from one end, side or surface to the other or opposite...by passing within it... in to, at one end, side etc and out of at the other*).

Justice Dowsett said: ‘In my view the reference to access “through the wall” identifies an outcome to be achieved rather than a limit on the method to be adopted. I consider that the expression “through the wall” includes any direct means for passing from one side to the other.’

The [Full Court agreed with that approach](#), in that an open cut in the base is bounded by the walls on three sides, and a small strip of plastic to close the cut would make no real

difference to the function and would still be caught by the wording of the claim. In any event there were flanges to hold the upper portion in place and one had to go from one side to the other of those to get to the outlet. They did not mention the trial judge’s useful analogy of ‘passing *through* a canyon or the Suez Canal’ even though the canal has an open roof; ultimately the Stor-Cube appeal was dismissed and infringement was found.

Kernels of wisdom

Patents can protect the function of an invention and therefore a critical part of the drafting process is to work with your patent attorney to generate functional phrases defining what the invention does.

Mathematically-enhanced readers will calculate that without access through the wall, the Stor-Cube might have been different from the patent by 6.67 per cent. If the Stor-Cube did not have that feature, that would have been enough to avoid infringement, but that does not prove that a variation of 6.67 per cent avoids a patent. The only test was whether the Stor-Cube variation was functionally equivalent to the phrasing used in the patent claim.

The ACIP Innovation Patent Review: Where are the roadside posts leading us?



Tuesday, August 19, 2014

Author Lester Miller, Senior Associate

Australia's innovation patent system has done an excellent job of protecting incremental inventions, but it can be confusing. A person receives a granted patent before an examiner has determined patentability, but the innovation patent can't be enforced until after optional examination and certification. After certification the patent can be enforced, even though the concept may be obvious.

The Advisory Council on Intellectual Property was tasked in February 2011 by the former Minister for Innovation, Industry, Science and Research to review whether the innovation system was working to stimulate innovation in SMEs. ACIP consulted widely, and recently released its final report, which includes six recommendations to the Federal Government.

Innovation patents today

About 5 per cent of patent applications filed in Australia are for innovation patents. They are characterised by an eight-year term, a five-claim limit, an optional examination for certification (without which there can be no enforcement) and a six-month prosecution limit. Claims to plants and animals and biological processes for their generation are excluded, but microbiological processes and products are allowed. After only a simple formalities assessment, an innovation patent application proceeds to grant and can legitimately be referred to as a patent.

The hole in the post

The first judicial consideration of the relevant statute was during a contest between two roadside post manufacturers, Delnorth and Dura-Post, in 2008. The patentability threshold for an innovation patent (novel and involving an innovative step) was intentionally set lower than a standard patent, but found lower by the court than many expected. The test: differences between innovation patent claims and one existing design should be considered, followed by an assessment of whether those differences make a substantial contribution to the working of the claimed innovation. If there is real contribution to the working, the claim is valid.

Delnorth's drivable flexible post with a marker hole was found to be patentable over a post which needed a small pit to be dug for its base, and a hardening resin poured into the pit. Delnorth's marker hole was found to increase the performance of the post since it indicated the depth to

which it should be driven for good springback. Even though Delnorth's post may have been thought at the time to have been obvious, that was found to be irrelevant to the validity of the innovation patent.

Getting off the roadside

ACIP did not find enough evidence to recommend keeping or disposing of the innovation patent system. If it is kept, however, ACIP recommends:

- Only using the word 'patent' for fully examined and certified innovation patents that meet (a new) threshold;
- Increasing the innovative step threshold by using worldwide common general knowledge in the art, rather than one document, as a basis for an assessment of contribution of a claim feature;
- Compulsory examination after three years;
- Methods, systems or processes should be excluded; and
- Remedies for infringement be unchanged, if the above changes are made.

Comment

If the recommendations are adopted by the Government, what is really a patent application, only examined for formalities, will no longer be called a patent, which will resolve a decade-long anomaly.

It is possible that the proposed rule change to include common general knowledge would lead to an increase in uncertainty, evidentiary burden and costs for patent

applicants, since the first step in any discussion of validity would not be not a straightforward check of whether a document is published, but an argument, potentially backed by technical experts, about whether a document can be included as part of the everyday global stock-in-trade technical information of a skilled person (**CGK**). To make the examination process more efficient, examiners may well need to be given powers to assume the level of CGK in particular technology fields, which may be unrealistic.

Without further guidance, there may be technical fields where the proposed rule may cause the innovative step threshold to be even be lower than it is at present. That is, documents having similar features as the invention claimed may not be able to be shown to be within the body of CGK of a skilled worker in a particular field (for example, the document may be well-known in one technical field, but not well-known outside it) and therefore unable to be used for an innovative step consideration.

One of the benefits of the present innovation patent system for SMEs is it has very few compulsory steps and consequent low cost in most cases. Introducing a compulsory examination step may be a good balance between certainty for third parties who may want to use a particular innovation, but it will increase costs for applicants. Given long lead times for commercialising inventions, three years may be too soon.

It cannot be easy to get the balance right, particularly when aiming to stimulate innovation for SMEs, running a two-tier patent system. It will certainly be interesting to see which recommendations, if any, are adopted by the Federal Government.

AstraZeneca v Apotex: five-judge bench allows AZ appeal on ‘starting point’ but upholds trial judge on invalidity



Wednesday, August 13, 2014

Author Clare Young, Managing Associate

Australia’s appetite for cholesterol-lowering drugs shows no sign of abating. According to a recent news report, rosuvastatin (brand name: CRESTOR) has pushed atorvastatin (brand name: LIPITOR) off the top generic spot. Those generic sales of rosuvastatin were ‘at risk’ of infringing AstraZeneca’s patents, but yesterday’s Full Court judgment has given generics the go-ahead to continue sales (although an application for leave to appeal to the High Court is still open).

To recap, Watson, Ascent and Apotex all wanted to sell generic versions of rosuvastatin. AstraZeneca alleged infringement of three patents. The three patents in issue relate to rosuvastatin but are not patents for the invention of the compound rosuvastatin – specifically they relate to a dosage range, a method of treatment and a pharmaceutical composition.

At first instance, Justice Jagot found all three patents invalid on several grounds, including lack of novelty, lack of inventive step and lack of entitlement.

It was the argument on obviousness, known as the ‘starting point’ issue, which has garnered the most attention. ‘Starting point’ was a key issue on appeal and the reason why a bench of five judges (as opposed to the usual three) sat on this appeal. In the end, all five judges accepted

AstraZeneca’s argument on ‘starting point’ and allowed the appeal on that point, although that finding did not change the end result.

In a nutshell, the ‘starting point’ issue is whether a valid patent may be obtained for an invention that comprises a solution to a problem in the relevant art where the solution is obvious, but where the problem is neither common general knowledge nor information to which regard may be had pursuant to s7(3) of the *Patents Act*. Put another way, if the inventor has knowledge of a compound, which is not within the common general knowledge of those skilled in the art or could not have reasonably been found and thought relevant by those skilled persons, is the ‘starting point’ for the assessment of obviousness allowed to include that compound?

In short, Justice Jagot at first instance thought that it should; the Full Court found that it should not.

Justice Jagot reasoned that the test for patentability focuses on the invention and because each of the inventions in the three AstraZeneca patents – as described in the complete specifications – assumed the existence and nature of rosuvastatin, the skilled person is entitled to assume knowledge of that compound too. The Full Court disagreed with that reasoning. A key reason given in the joint judgment of Justices Besanko, Foster, Nicholas and Yates is

that the ‘notion that the question of inventive step can be answered by reference to information which has not been made publicly available is antithetical to patent law’.

Patentees should be pleased that the Full Court has restored a tighter test for obviousness and clarified the correctness of some earlier decisions on this point.

We will be providing more in-depth analysis of this decision in the coming days.

Trade Marks



Patently false: the rise of fake renewal notices



Thursday, September 4, 2014

Author Kimberley Evans, Associate, Trade Marks Attorney

We frequently receive emails and telephone calls from our clients asking whether a patent or trade mark renewal notice from 'generic company name including reference to a patent or trade mark registry' such as Patent and Trademark Organisation is legitimate and should be paid. Our standard response is that, as our firm is the address for service for that patent or trade mark, clients can ignore any renewal correspondence that requests payment and is not issued on our letterhead. There is an increasing number of organisations that send out these 'renewal notices' and [IP Australia warns](#) against unsolicited renewal services on its website.

However, we were delighted to learn that the UK Intellectual Property Office (**UKIPO**) has gone one step beyond warning IP rights holders in the UK about these devious companies. In May this year, UKIPO filed a claim for passing off against two of the most blatant offenders, 'Patent and Trademark Office' and 'Patent and Trade Mark Organisation'.

In late August 2014, [UKIPO happily reported](#) that the persons behind these companies had agreed to be bound by an Order of the Intellectual Property Enterprise Court, which means that if either offender issues deceptive renewal notices to IP rights holders that offer to renew the IP right for fees greatly in excess of the official renewal fees and which mislead consumers into thinking that the notices originate from UKIPO, the offender(s) will be in contempt of court and liable to imprisonment.

UKIPO has also commenced proceedings against another organisation with similar business practices but that other organisation remains unnamed. In its announcement, UKIPO stated that it had pursued the proceedings because UKIPO 'felt it was necessary to take appropriate action given the evidence that our customers are being misled or confused and that damage is being caused to the office's good name.'

'Hear hear!', we say. Australian law features the tort of passing off and also has the bonus of consumer protection provisions under the *Australian Consumer Law*. We wonder whether IP Australia could do something similar against the organisations that are misleading Australian patent and trade mark owners with similar misleading and confusing renewal notices.

Location, location, location: the dangers of geographical names



Wednesday, September 3, 2014

Author James Gonczi, Lawyer

The Full Federal Court recently handed down its decision in *Kosciuszko Thredbo Pty Limited v ThredboNet Marketing Pty Limited*.

Kosciuszko Thredbo Pty Limited (**KT**, the appellant) has operated the very popular Thredbo Village and Thredbo Resort since the 1980s. In that time the appellant has spent in excess of \$150 million on projects around the village and resort.

Unless you're a snow aficionado or serious Thredbo regular, you may well be unaware that KT holds a lease over essentially everything in Thredbo (that's the geographical area of Thredbo, including most of the accommodation, bars, restaurants and chair lifts). ThredboNet Marketing Pty Limited (**TN**, the respondent) is a sub-lessee, which manages rental properties in Thredbo using the domain name www.thredbo.com. The appellant took legal action in an effort to prevent the respondent from using the name 'Thredbo' in its domain name.

In the first instance proceedings before Justice Cowdroy, KT argued that by using 'Thredbo' to advertise accommodation through its website and Facebook page, TN had engaged in misleading and deceptive conduct and passing off, and had also breached various sublease agreements between the parties.

The crux of the appellant's argument was that consumers associate the word 'Thredbo' with KT's business and that

'Thredbo' had taken on a secondary, non-geographical meaning as a result of its extensive use and promotion of the name.

Justice Cowdroy disagreed with KT. His Honour found that KT had not proved that there was a secondary meaning in 'Thredbo' such that KT had acquired an exclusive right to use it. His Honour also found that TN's use of 'Thredbo' on its website and Facebook page was not misleading or deceptive.

The appeal

The relevant issues on appeal were whether:

- the primary Judge was wrong to conclude that KT had not established a second meaning in 'Thredbo'; and
- the respondent's conduct was misleading and deceptive.

Secondary meaning

The appellant argued that the primary judge had been wrong to ask whether KT had acquired an 'exclusive right' to use 'Thredbo'. The 'exclusive right' question, they argued, was the applicable test in a trade mark context, but not

in a case for misleading and deceptive conduct or passing off. KT argued that the relevant question was whether it was likely that ordinary and reasonable members of the public would be misled into thinking that they were dealing with the appellant when in fact they were dealing with the respondent.

The Full Court agreed with the appellant on this point. The Full Court noted that the Full Court in *Cadbury Schweppes* 159 FCR at 418 had held that the principles related to passing off do not require an exclusive reputation in relation to a particular characteristic (in that case, purple). So it is possible for conduct to be misleading or deceptive even in circumstances where the applicant does not have an exclusive reputation in the characteristic in issue.

The big issue for the Full Court was whether it could be demonstrated that TN's use of 'Thredbo' could lead consumers to believe that there was some relevant connection between the respective services of the two parties, other than that both services related to the Thredbo region.

Misleading and deceptive conduct

The Full Court summarised the appellant's case as being that: 'they were identified as "Thredbo" in the public mind and that substantively any use of that word in relation to activities or businesses that were, or could be, conducted at that place would be associated with them.'

The Full Court rejected this assertion and held that the respondent's conduct was neither misleading nor an attempt to pass off its services as being associated with the appellant's services. Their Honours concluded that

the respondent's website did not look like the appellant's and that many other traders used the word Thredbo as a geographical name in a manner consistent with honest and legitimate trading. The court also noted that a trader will ordinarily be entitled to use a geographical name so long as they do so honestly and without looking to pass off on another's reputation.

The court said that the frequent use of 'Thredbo' by other traders negated the appellant's suggestion that 'Thredbo' had taken on a secondary meaning that would render the respondent's use of 'Thredbo' misleading or deceptive (or likely to mislead or deceive). In coming to this conclusion the court attributed a degree of prudence to the 'ordinary reasonable consumer' looking for holiday accommodation.

Conclusion

A straw poll of our office suggests that the court's conclusion was not surprising. Only the most avid skier from a group of over a dozen lawyers thought of Thredbo as a resort, rather than a geographical area and no one in the team thought that TN's website resembled KT's. The Full Court's decision highlights the potential dangers for companies that rely on geographical names as part of their branding. This decision adds to the already substantial number of cases, such as *Clark Equipment Co v Registrar of Trade Marks* (1964) 111 CLR 511 (where MICHIGAN was found not to be registrable) and *Blount Inc v Registrar of Trade Marks* (1998) 83 FCR 5 (where OREGON was found not to be inherently adapted to distinguish, though the mark was registered on the basis of s41(6) of the *Trade Marks Act 1995* (Cth), which is no longer in force), that have dealt with the issue of geographical names from a trade marks perspective.

Almost brewed: High Court hears coffee trade mark dispute



Friday, August 8, 2014

Author Deborah Jackson, Senior Associate

This blog has been [following the dispute](#) between Cantarella and Modena in respect of the challenge to Cantarella's registered trade marks CINQUE STELLE and ORO in relation to coffee, which has now reached the High Court. A five-star debate was foreshadowed, as this is the first time the High Court has had to consider the inherent distinctiveness of foreign laudatory words. In Italian CINQUE STELLE is said to mean 'five stars' and ORO 'gold'. In the unfurling debate, some promising signs emerged in the firm position each side adopted in [oral submissions](#) before the High Court on 5 August 2014 on how to determine the issue.

To recap, a trade mark is able to be registered without evidence of use if the Registrar considers that the trade mark is inherently adapted to distinguish the goods from those of other traders. Inherent in this context means whether the mark by itself, and without regard to any acquired distinctiveness based on use, is adapted to distinguish the goods. If there is some doubt as to the extent to which the mark is inherently adapted to distinguish, then the Registrar is able to consider use and intended use of the trade mark and other circumstances to determine whether the mark has capacity to distinguish. The question in this case is how is the inherent adaptation to distinguish of the two trade marks – being Italian words – to be determined.

Cantarella's counsel argued that to determine whether the marks are inherently adapted to distinguish, regard must be

had to the ordinary signification of the words. The average Australian consumer and the trader would not understand these Italian words to describe the quality of coffee. Some traders and consumers may be able to translate the words but reference must be had to the target market as a whole. At best, the Italian words referred only indirectly or in an allusive sense to the quality of coffee because it is necessary to go through what was described as a translational process. CINQUE STELLE and ORO were able to be distinguished from an Italian word such as CAPPUCCINO, which had passed into the English language. Counsel also argued that there was insufficient evidence to show that as at the date of registration other traders did wish to use CINQUE STELLE and ORO as trade marks for coffee. Use after registration of the words CINQUE STELLE and ORO had occurred in circumstances which were not fully known and in most

cases as part of composite marks or in a context that did not suggest trade mark use. As registration had been granted, the onus was on Modena to show why the trade marks should not have been registered.

Modena's counsel argued that the critical question is whether other traders would be likely to wish to use CINQUE STELLE and ORO in relation to coffee without improper motive. It was not relevant to ask what was the ordinary signification of the words in Italian because this was a question which arose under repealed legislation. Nor was it necessary to inquire into whether the average Australian would understand the meaning of the Italian words in relation to coffee. In this case, where Modena's market was primarily in the wholesale field, the question should be decided by reference to traders. There was evidence to show that coffee was often associated with Italy. There were, according to the 2001 census, more than 350,000 Australians who speak Italian at home, not taking into account those who might be familiar with

the language. Within the wholesale market the category of those familiar with Italian is likely to be higher. It was sufficient that there was a real likelihood that other traders would wish to use these Italian words to refer to the quality of coffee. There was evidence of use of these words by other traders which showed that they would wish to do so. Referring in oral argument to cases under repealed legislation, Modena's counsel argued that in such a case as this where there was doubt the onus was on Cantarella to show why the trade marks should be registered.

Judicial consideration arises in this case of the boundaries of monopoly accorded to foreign laudatory words – an important question in the context of multilateral trade and ecommerce – and whether and to what extent it is relevant to ask if the English meaning of the foreign words is said to be known, and what weight to accord the need for a translational process.

The High Court has reserved its decision.

Copyright



Monkey saw, monkey did – who owns copyright in a selfie taken by a monkey?



Monday, August 11, 2014

Author David Stewart, Associate

‘It’s so easy any monkey could do it’ is a phrase that gets bandied around to describe a task that requires so little skill and effort that any of our supposedly inferior opposable-thumbed brethren could do it.

Like ‘taking a selfie is so easy, any monkey could do it.’

But what if a monkey did actually take a selfie? Well, it happened. A monkey has taken a selfie, and now controversy is boiling over the answer to the age-old question – who owns the copyright in a selfie taken by a monkey?

Before *Scintilla* tries to answer that question, we should start with a little background.

In 2011, British photographer David Slater was in Indonesia to capture photographs of crested black macaques. The story goes that one of the macaques stole Mr Slater’s camera, and took hundreds of photos including some pretty good selfies. Mr Slater eventually recovered the camera, and published some of the selfies online, to significant international acclaim.

Recently, Wikimedia Commons added one of the selfies to its collection of royalty-free images. Mr Slater demanded that the image be taken down on the basis that he owns the copyright in the photo, but Wikimedia refused because ‘as the work of a non-human animal, [the selfie] has no human author in whom copyright is vested.’

So what is Wikimedia getting at? Well, subject to an employee-employer or work for hire relationship (which we doubt existed between Mr Slater and his furry fiend),

ownership of a copyright work vests in the author of that work. Under the *Copyright Act 1968* (Cth), the author of a photograph is ‘the person who took the photograph.’

Applying that to the present case, the owner of the selfie should be the cheeky macaque who took the photos. But is the macaque a ‘person’ within the meaning of the Act? We’ll leave the genetic debate to others more qualified than us, suffice to say the legal definition does not include non-human beings such as monkeys*. As such, there is no human author in which the copyright can vest, and the photo is therefore part of the public domain.

In response, Mr Slater has argued that he is the rightful owner of the copyright as he did all the work preparing the camera before it was stolen by the cheeky monkey. For example, he claims that he put the camera on a tripod and input the camera settings that were eventually used by the macaque to take the shot. Given the position, at least under Australian law, that the author is the person who ‘took the photograph’, Mr Slater’s preparatory work is unlikely to be enough to be recognised as the owner of the copyright in the selfie.

Ultimately, the moral of the story is that if you want to make money from a selfie ‘taken’ by your pet dog, cat, fish or [insert favourite pet animal here], make sure it’s you that hits the shutter button.

* Interestingly, a ‘person’ can in some cases outside of copyright law include a corporate entity. This begs the question how a monkey, which bears many more similarities to a human being (such as being alive), falls outside the definition. For fear of opening a can of worms, we’ll leave that philosophical question for another time.

> Designs



Green on both sides of the fence: design protection then and now



Wednesday, September 24, 2014

Author Julia Kovarsky, Lawyer

Although the *Designs Act 2003* (Cth) (the **New Act**) has just passed its 10th birthday, there remain approximately 7000 registered designs still in force under the old regime, governed by the predecessor *Designs Act 1906* (Cth) (the **Old Act**). The New Act broadened the scope of design protection to restore designers' faith in the system but [*BlueScope Steel v Gram Engineering*](#) shows that even under the Old Act, design protection can still be commercially valuable.

Born on the bad side

The case revolves around the solution to the 'vexing problem' faced for years by backyard owners around Australia – the fact that their fences had a 'bad' side. One solution was developed in 1993 by Mr Mann, Managing Director of Gram, who designed a fencing sheet with a sawtooth profile which looked the same from both sides and thereby had two 'good' sides. Gram registered its design under the Old Act and began very successfully producing GramLine fencing. In 2002, BlueScope began producing its own two-good-sided fencing under the name Smartascreen. Gram commenced proceedings against BlueScope in 2011 claiming under the Old Act that the Smartascreen was either an 'obvious' or 'fraudulent imitation' of its design. BlueScope cross-claimed, challenging the validity of the design.

Sawtooth panel profile valid

Under the Old Act, a design could be registered if it was new or original. A design would not be new or original if it only differed 'in immaterial details or in features commonly used in the relevant trade' from the prior art, or was an obvious adaptation of a prior design. The threshold under the New Act sounds similar – a registrable design must be 'new and distinctive when compared with the prior art base for the design' – but similarities between a design and any prior art are given greater weight than differences; the bar has been raised.

Both the primary judge and the Full Court agreed that the relevant principles for determining whether a design was new or original were:

(a) there must be something special or distinctive about the appearance which captures and appeals to the eye;

(b) there must be substantial novelty having regard to the nature of the article to which the design is to be applied;

(c) determining whether a design is new or original involves a comparison between the design and the prior art as necessary;

(d) it is not possible to define the degree to which the design must differ from the prior art – it is a question of fact for the Court to determine;

(e) one must look at the prior art and the design as a whole when comparing them.

The most prominent feature of Gram's design was identified as the sawtooth pattern, produced by the unique proportions of the wavelength, amplitude and angles of each sawtooth module, repeated six times and oriented vertically. BlueScope, however, denied that the sawtooth design was new and put forward a number of items it contended were relevant prior art which deprived the GramLine fencing of its novelty. It was argued that each piece of prior art revealed a feature which was replicated in the design, the combined effect of which meant that the design was not new or original. The Full Court however, disagreed. *Besanko and Middleton JJ* made clear that the general appearance of the design and prior art must be compared, rather than their constituent elements. The main features of the design were found by Justice Yates to contribute materially to its overall appearance and differ in substance from the prior art. The design provided a novel solution to a longstanding problem, one not disclosed in the prior art and deserving of protection.

Old designs still have bite

The question of infringement under the Old Act focuses on whether the registered design, or any fraudulent or obvious imitation of it, was applied. While often both fraudulent and obvious imitation are pleaded because of the different scope of activities caught by each, only one needs to be proven to make out a case for infringement.

There are three main differences between a fraudulent imitation and an obvious imitation:

(a) a fraudulent imitation does not need to correspond so closely to the registered design as would an obvious imitation;

(b) fraudulent imitation requires that the application of the design be made with knowledge of the existence of the registered design, or with reason to suspect it but may include modifications to the design intended to disguise the imitation; and

(c) fraudulent imitation must be deliberately based upon the registered design. The subjective actions of the alleged infringer, in basing their design on the registered design, are therefore more significant than the visual differences.

While Gram succeeded in proving that the Smartascreen was an obvious imitation of the GramLine design, it could not prove that BlueScope knowingly created a fraudulent imitation.

An obvious imitation does not have to be identical to the registered design, but must be 'a copy that is apparent to the eye notwithstanding slight differences' when the features of the design are examined and a visual comparison made.

In deciding that BlueScope's Smartascreen was an obvious imitation of the Gram design, the court took into account the visual similarities of the two fencing panels. Another relevant factor was that the two types of panels could be nested together, suggesting that the combination of amplitudes, wavelengths and angles which created the sawtooth profile were similar. A consideration which *Besanko and Middleton JJ* found irrelevant was the commercial imperative for BlueScope to develop its design as a competitor to the GramLine fence.

Result

One of the major reasons for the New Act was to broaden design protection, as many users had become very frustrated with their designs being held to be valid but very rarely infringed. In this case, under the Old Act, Gram successfully proved that BlueScope infringed its valid registered design by creating an obvious imitation.

> Digital



Have your candy (crush) and eat it too – legal issues in app development



Wednesday, September 17, 2014

Author Tracy Lu, Associate

In 2008, with Apple's launch of the App Store, a brand new market for mobile apps was born. This article discusses some of the legal issues which may be involved in app development.

Confidential information

Being the first to come up with a knockout idea is sometimes critical to the success of an app. However, copyright laws do not afford protection to concepts and ideas, but only their expression. Therefore, when sharing ideas with others, such as during a pitch for funding, it is prudent for the parties involved to come prepared with a well-drafted confidentiality agreement.

Privacy

Where personal information is collected through an app (such as during a registration process embedded in the app) in circumstances where there is an 'Australian link', obligations imposed by the *Privacy Act 1988* (Cth) must be complied with*. It is required for collectors of the personal information to make public a clear privacy policy which deals with certain issues as prescribed by the privacy laws.

Further, obligations under the *Spam Act 2003* (Cth), which include to not send unsolicited commercial electronic

messages without the recipient's express or implied consent, to offer an unsubscribe facility in such messages and to provide details in the message about the sender, may also apply. Breaches of the Spam Act have serious consequences, particularly for persons with prior records of breaches.

In-app ads and in-app purchases

Careful attention must be paid to the way in which ads and in-app purchase features are incorporated or function within the app so as to minimise the risks for a claim of passing off or misleading or deceptive conduct to arise.

The ACCC conducted a review in late 2013 of more than 340 of the most popular free game apps targeted at children and found more than 75 per cent of them failed to state that real money could be used to make in-app purchases. It has released a guideline for consumers on in-app purchases, including how to seek a refund from the relevant distribution platform.

Cloning wars

A unique and concerning phenomenon which has emerged in relation to apps, particularly game apps, is the prolific amount of cloning which takes place, with copies emerging sometimes within a matter of days after the launch of a successful app. This is best illustrated by the explosion of Flappy Bird clones following the removal of the highly popular game by the developer.

One way of seeking protection against clones is to file trade mark registrations over the original game's title, as game publisher King has done in respect of its highly successful Candy Crush Saga games (it has a EU trade mark over 'Candy' and a US trade mark over 'Candy Crusher').

Patent protection

App functions may be patentable subject matter. For example, a new user interface may provide improved functionality or speed – of use, of processing, or something else. In order to preserve the invention's eligibility for patent protection, it is important for potential applicants to ensure that the invention is not publicly disclosed prior to an application being lodged. In Australia, there is a 12-month grace period during which the invention may be publicly disclosed, provided that a complete patent application is filed before the expiry of that period. However, the same grace period does not always apply in jurisdictions other than Australia, in which case an inadvertently premature public disclosure of the invention in Australia may affect the patentability of the invention in another jurisdiction.

Registered design protection

Registered designs can provide supplementary and/or fall-back protection for various parts of an app, importantly, major parts of the user experience. Registering a design can be achieved quickly and for only a very small investment – so they are readily accessible to developers large and small.

A registered design protects the visual features, including the shape, configuration, pattern and ornamentation of a product. It could apply, for example, to the visual appearance of one, or the arrangement of several, buttons or icons on an app or the overall look of a landing page on an app. The owner of a registered design can prevent other persons from making or selling a product which embodies

the same or a substantially similar design. Like patents, it is important that the design is not publicly disclosed prior to an application being lodged. However, unlike patents, there is no grace period available in Australia. In Australia today it is not clear whether a GUI on a screen is proper subject matter for a registered design, but there are more than 1000 already registered but not yet certified on IP Australia's databases, in anticipation of a clarification of the law. The situation is presently being reviewed by ACIP.

Piracy

Apps are making content, including infringing content, even more readily accessible to a large group of consumers because they are incredibly easy to use and therefore they are another space in which copyright owners must vigorously defend their rights.

Piracy concerns are not just limited to content which can be shared via apps but extend to apps themselves. In Australia, under section 116AN of the *Copyright Act 1968* (Cth), it may be possible for an action to be brought in respect of the circumvention of access control technological protection measures which takes place in the course of producing pirated apps, although the application of the relevant provisions to apps is yet to be tested.

What's in store for the future?

So, where to from here?

For governments, the challenge, as always, is to provide sensible legislative solutions to address new questions which arise in new industries like the apps industry as quickly as possible. For businesses, it is about streamlining their legal strategies to best protect their position under the existing legal framework along with taking innovative, commercial approaches to rights management in an ever-changing landscape.

* Obligations imposed by the *Privacy Act 1988* (Cth) do not apply to 'small businesses' whose annual turnover is \$3,000,000 or less.

(Portions of this article were first published in *The Australian Internet Law Bulletin*, Vol 17 No 5 p98)

IP issues in the Harper Review



Tuesday, September 30, 2014

Author Carolyn Oddie, Partner

Last week saw the release of the draft report of the [Harper Review](#), a significant review of Australia's competition laws and policy.

The draft report contains many recommendations that could have significant ramifications on competition law enforcement in Australia.

One area in which the Review is looking at is intellectual property rights.

In a video interview, Allens Partner Carolyn Oddie analyses the recommendations about IP rights and how to balance the tension between the desirability of IP rights and the need to encourage innovation in a fast-changing digital environment.

To view the video, go to our [website](#).

Please get in touch with an Allens lawyer or attorney if you would like our assistance with preparing a submission to the Review. Submissions are due on 17 November 2014. A final report is due to be released in March 2015 for consideration by the Federal Government.

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