

# Intellectual Property matters

By Tara Parish and Kim Miller \*

**In a post-modern industrial world historical notions associated with the term “industrial property” have largely given way to the more contemporary creative expression, “intellectual property”.**

In a brand conscious globalised world, where manufacturing jobs associated, initially, with simply transformed manufactures and, increasingly, more elaborately transformed manufactures are “exported” to developing countries, the West’s residual comparative advantage remains firmly entrenched in the various personal property rights that are collectively embraced by the term “intellectual property”.

The increasing importance of these rights is reflected in the TRIPS Agreement under the World Trade Organisation (WTO), the multitude of international IP conventions and the vigour with which intellectual property rights are both asserted and negotiated by the parties in the increasing tendency towards bilateral rather than multilateral trade agreements as a consequence of the slowness of the reforms associated with the current Doha round of WTO negotiations.

Despite their importance, intellectual property rights, given perhaps their intangible nature, remain largely little understood in all but a vague sense, by individuals, both lay and professional. Yet while a more “recognisable” asset such as an item of plant and equipment can be “depreciated” both in a fiscal and technologically obsolete sense, conversely, the leverage and potential value appreciation aspect of an effectively protected and exploited item of intellectual property remains for many an overlooked opportunity.

Set out in the following text is a “snapshot” of the essential features of the various property rights embraced by the collective term, “intellectual property”.

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Given the space limitations of this article and the scope of the various distinct intellectual property rights, the treatment of each particular subject matter is of necessity brief and no substitute for proper comprehensive advice.

## Patents

A patent is a limited duration monopoly right granted by the State to a “patent holder” to commercially exploit within the territory of the State an invention.<sup>1</sup>

The Patents Act 1990 (Cth) is the principal source of law covering the grant of patent.

For an invention to be patentable, it must satisfy the elements of patentability prescribed in Section 18 of the Act. These threshold elements are: “manner of manufacture” [Section 18(1)(a)], “novelty and inventive step” [Section 18(1)(b)(1) and (2)], “utility” [Section 18(1)(c)] and must not have been the subject of secret use [Section 18(1)(d)].

“Manner of manufacture” encompasses both products or processes “capable of industrial application”<sup>2</sup>. The key elements of a valid patent are that the applied for invention be deemed both novel, when compared to the state of the prior art and common general knowledge before the priority date, and that an inventive step has occurred from what is known before the priority date and the present invention.

Patent rights are granted upon registration, but are retrospective to the earlier filing or priority date.

The term of the monopoly exploitation rights granted upon registration in respect of a standard patent are 20 years and in respect of an innovation patent eight years. These commercial monopoly rights are restricted to exploitation within the Commonwealth of Australia and offshore grants are likewise territorial

in scope.<sup>3</sup>

Innovation patents, granted under the Patents Act 1990 (Cth), only require a less “demanding” innovative rather than inventive step to achieve certification.

Grants of innovation patents are not subject to the same rigorous application vetting process as a standard patent but are nonetheless open to challenge on validity grounds by either the Commissioner for Patents, the relevant Minister, or an “objecting” third party where they lack an “innovative step”.<sup>4</sup>

Patent applications are typically applied for with the assistance of attorneys skilled in various scientific/technical fields of endeavour. Such expertise is normally required to draft the specific claims that are relied upon in a standard patent application. It is these claims that may be infringed by third parties if each and every element of the claim is performed by the third party.

Patent applications are generally filed initially as a provisional application, a simple document to establish a priority date and outlining the basic invention. Within 12 months, a complete application can be made in Australia and overseas (or) via an International Patent Cooperation Treaty 1970 (PCT) application. The complete application is a more detailed disclosure of the invention together with the claims, which define the monopoly claimed.

DIY applicants soon discover to their chagrin that what can, to them, appear to be initially “patently obvious” can soon be diminished by the rigours of Section 18 of the Act and the existing state of technical knowledge otherwise known as “prior art”.

## Designs

The primary element inherent in the concept of designs law and the nexus between a design and a

## feature

product can be found in Sections 5 and 8 of the Designs Act 2003 (Cth).<sup>5</sup>

Section 5 provides that: "Design in relation to a product, means the overall appearance of the product resulting from one or more visual features of the product" and Section 8 states that: "A reference to a design is a reference to a design in relation to a product".

In protecting the appearance or look of the product and not the way it works, the law relating to designs is more closely aligned with the law of copyright than the law of patents.<sup>6</sup>

Section 7 of the Act provides that a visual feature "in relation to a product, includes the shape, configuration, pattern and ornamentation of the product".

To be registrable and thereby able to derive statutory protection for up to a maximum of 10 years from the application date, a design needs to be both "new and distinctive when compared to the prior art base" that was known at the time of the filing of the application.<sup>7</sup>

Given the proliferation of typically low-cost, nondescript manufactured products competing for finite shelf space according to the merchandising mantra of "stack them high and sell them low", Australian manufacturers have increasingly looked to unique design features to differentiate their products and optimise returns.

As has been noted "it is the link between innovative product design and economic success that provides the most obvious justification for having a system for registering designs".<sup>8</sup>

### Copyright

From the advent of the Caxton printing press to more recent times of litigation associated with the Kaaza software file sharing system, copyright law has enjoyed a controversial status vis-a-vis its less topical IP "peers".

The law of copyright traces its origins back to the monopoly rights enjoyed by the book trade in Tudor England following the introduction of the

printing press in the 15<sup>th</sup> century.<sup>9</sup>

In 1709 however, the Statute of Anne vested the right to print or reproduce a book, "for the first time, in the hands of the author rather than in the hands of the person registered with the Stationers' Company".<sup>10</sup>

In the Australian context, copyright law as a creature<sup>11</sup> of statute finds its expression in the Copyright Act 1968 (Cth).

The evolution of the current Act reflects the dynamic nature of copyright law. The extension of the "reach" of copyright law is a product of the interplay between entrepreneurial endeavour and legislative intervention. The "combination of new subject matters and tailored exclusive rights" has "made copyright a very flexible and multifaceted legal instrument".<sup>12</sup>

The pre-1968 statutory protection afforded to areas of literary, dramatic, artistic and musical works have been enlarged with the enactment of the 1968 Statute by the addition of four categories "of 'subject matter other than works', namely, films, sound recordings, television and sound broadcasts, and published editions of works".<sup>13</sup> In addition, amendments reflecting the impact of digital technology on copyright were introduced by the Copyright Amendment (Digital Agenda) Act 2000.

Under the Copyright Act 1968, no mechanism exists to formally file an application for copyright protection in a patent or design sense in order to obtain statutory or proprietary rights to reproduce or perform a work or make a copy of "subject matter other than works". For copyright to subsist, it must be the original work of its author and further copyright can only subsist where the particular work "has been reduced to material form".<sup>14</sup>

Copyright protection lasts, subject to its particular classification, variously from 25 years from the year of first publication ("printed editions of works") to 70 years after the death of the author ("published literary, dramatic and musical works").

The convergence<sup>15</sup> of formerly stand-alone modes of communication together with the development of multimedia against a backdrop of a borderless cyberspace has resulted in numerous digital 'flashpoints' where copyright owners and consumers "face-off".

Given the above, copyright's cause celebre status seems destined to continue in the future.

### Passing off/Trade Marks/Trade Practices Act 1974

Whilst the foregoing intellectual property subject matter of patents, designs and copyright law rewards direct creative initiative through the granting of monopoly rights, it is in a large degree the subsequent successful exploitation of such protected personal property which has given rise to another important area of intellectual property law, namely, the law relating to reputation, trade marks and misleading or deceptive conduct.<sup>16</sup>

In a largely anonymous and homogenised world where transnationally mass-produced goods compete fiercely for consumer attention, trade marks, imbued with emotive aspirational values, have replaced the more personal reputational characteristics formerly associated with the suppliers of goods and services of yesteryear. For many modern traders, "their most valuable form of intellectual property is their name, reputation or goodwill".<sup>17</sup>

Prior to the introduction of a statutory regime recognising the personal property rights attached to a trade mark, the English courts had protected traders from the predatory commercial behaviour of interlopers via the tort of passing off.

It was the misappropriation of the proprietary interests cultivated by a plaintiff in his or her name, common law mark and goodwill or reputation which the law of passing off sought to address and despite the difficulty in fashioning an exhaustive definition there are three fundamental elements in the tort.<sup>18</sup>

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## Intellectual Property matters cont...

"These are (a) the subsistence of some reputation or goodwill on the part of the plaintiff; (b) deceptive conduct on the part of the defendant; and (c) the existence or threat of damage to the plaintiff as a result of that conduct".<sup>19</sup>

In Australia, although a trader can develop a defensible reputation via an unregistered common law trade mark, the more appropriate avenue is to register a trade mark under the Trade Marks Act 1995 (Cth).

Registration of a trade mark in a selected class or classes confers, normally, the benefit of Australia-wide protection and whilst the Act confers exclusive monopoly rights (these may be diluted given the limiting effect of the honest, concurrent user provision (Section 44)), infringement proceedings are still much less complex (largely due to not having to prove your right or title) than an action based upon passing off where the scope of both the claim and the remedies sought may be geographically restricted to the aggrieved trader's area of operation.

For a trade mark to be capable of registration, it must be "inherently adapted" (Section 41(3)) to distinguish the designated goods or services of the applicant from the goods or services of others and not be merely descriptive.

Challenges by opponents to the registration of a trade mark are typically based upon the ground that the applied for mark, if used, would lead to deception or confusion<sup>20</sup>.

A trade mark primarily functions as a 'badge of origin'<sup>21</sup>, linking or connecting consumers of the goods or services covered by the trade mark with the entity that has the authority to use the trade mark "in the course of trade" (Section 17).

A trade mark is a personal property right (Section 21) and is distinct from the goods or services the subject of the trade mark.

The final avenue for a trader to protect his commercial reputation is via an action pursuant to Section 52 or

Section 53 of the Trade Practices Act 1974 (Cth).

Although the primarily relied upon provision, Section 52, dealing with misleading or deceptive conduct by a corporation, was originally designed for consumer protection, the Hornsby Building Information case<sup>22</sup> established that an aggrieved trade rival could institute proceedings in respect of the offending behaviour of a corporate competitor.

It is common in a passing off action for a plaintiff to also plead alleged breaches of Section 52 and Section 53 of the Trade Practices Act as these misleading or deceptive provisions extend the circumstances beyond the traditional ambit of a passing off suit and, importantly, a plaintiff does not need "to prove damage to a person's reputation in order to establish an infringement of Section 52"<sup>23</sup>.

### Conclusion

In the foregoing article, we have endeavoured to condense into a meaningful precis the salient features of the law relating to Patents, Designs, Copyright, Trade Marks, passing off and misleading and deceptive conduct under the Trade Practices Act 1974 (Cth). Space limitations have not permitted any detailed commentary on either this collective subject matter or any treatment at all of the Plant Breeders Rights Act 1994 (Cth), the Circuits Layouts Act 1989 (Cth) and the law relating to confidential information.

Although intellectual property law may not be an area of practice that many lawyers come in contact with on a regular basis, it is nonetheless an increasingly important and dynamic area, the complexity of which ordinarily necessitates specialist intervention.

In a post-industrial world, IP increasingly matters. ①

*Disclaimer: This brief article is not intended as a comprehensive review of the law and practice of intellectual property nor should the information contained be construed as legal advice.*

### Endnotes

- <sup>1</sup> Intellectual Property: Creative and Marketing Rights by Patricia Loughlan, LBC 1998, page 93
- <sup>2</sup> Intellectual Property in Australia by Jill McKeough, Andrew Stewart and Philip Griffith, LexusNexis Butterworths 3rd Edition 2004, page 328
- <sup>3</sup> Intellectual Property Text and Essential Cases by Rocque Reynolds and Natalie P Stoianoff, The Federation Press 2<sup>nd</sup> Edition 2005, page 273
- <sup>4</sup> McKeough, J & Ors, op. cit., page 363
- <sup>5</sup> Reynolds, R & Or, op. cit., page 534
- <sup>6</sup> Reynolds, R & Or, op. cit., page 532
- <sup>7</sup> Reynolds, R & Or, op. cit., page 539
- <sup>8</sup> McKeough, J & Ors, op. cit., page 275
- <sup>9</sup> McKeough, J & Ors, op. cit., page 134
- <sup>10</sup> Reynolds, R & Or, op. cit., page 7/8
- <sup>11</sup> McKeough, J & Ors, op. cit., page 135
- <sup>12</sup> McKeough, J & Ors, op. cit., page 135
- <sup>13</sup> McKeough, J & Ors, op. cit., page 138
- <sup>14</sup> Loughlan, P, op. cit., page 39
- <sup>15</sup> McKeough, J & Ors, op. cit., page 136
- <sup>16</sup> McKeough, J & Ors, op. cit., page 421
- <sup>17</sup> Reynolds, R & Or, op. cit., page 431
- <sup>18</sup> Reynolds, R & Or, op. cit., page 431
- <sup>19</sup> McKeough, J & Ors, op. cit., page 424
- <sup>20</sup> McKeough, J & Ors, op. cit., page 530
- <sup>21</sup> Loughlan, P, op. cit., page 165
- <sup>22</sup> [1978] 140 CLR 216 Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre Ltd
- <sup>23</sup> Reynolds, R & Or, op. cit., page 452