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The Journal of The Intellectual Property Society of Australia and New Zealand Inc ABN 056 252 558

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Locking Indigenous Traditional Knowledge into a Western IP Paradigm – An Historical Overview

It is axiomatic that the historical development of the concept and regimes of intellectual property law evolved in tandem with European colonisation. Continuous advancements and inventions in European science and technology throughout the colonisation eras contributed to a growing perceived need to protect individual property interests in science and technology.

Intellectual property, of course, comprises a range of different titles and forms of protection characterised by the granting of certain time-limited rights over the control or use made of intellectual property products. Within European-based normative frameworks, the basic role and function of the intellectual property regime has been to protect both private property rights and to promote public rights of access to socially valued resources through a careful balancing act.

The right to development and intellectual property represents a balancing of the private right of the creators or inventors to the protection of their intellectual property against the right of the community to enjoy the benefits of the sum of human art and knowledge. For the most part, however, IP national laws and international treaties have tended to favour the protection of the creators’ or inventors’ private rights.

Intellectual property rights have always been primarily developed, enacted and enforced at the national level. Beginning in the 19th century, international protection of intellectual property was in the form of bilateral agreements between states. However, as scientific development and technologies increased, bilateral agreements were replaced by international conventions.

In 1967, the World Intellectual Property Organisation (WIPO) was created through treaty and was established as the UN specialised agency responsible for the promotion of the global protection of intellectual property through cooperation among Member States and, where appropriate, in collaboration with other international organisations, and for the administration of the various multilateral treaties dealing with intellectual property. In 1994, WIPO’s exclusive domain was altered by the creation of the World Trade Organisation (WTO), an international organisation with a mandate that included administering trade-related aspects of intellectual property within one of the GATT treaties: namely, the TRIPS Agreement.

As late as 1995, WIPO maintained this position and requested that references to WIPO be deleted from the draft principles and guidelines for the protection of Indigenous cultural heritage prepared by the Special Rapporteur. By the time of the submission of the 1996 Supplementary Report, however, WIPO had changed its position and indicated that it was now going to jointly organise an international symposium with UNESCO on the preservation and legal protection of folklore (that was to presumably cover issues related to protection of Indigenous heritage). In April 1997, WIPO jointly hosted the World Forum on the Protection of Folklore with UNESCO in Thailand, and the...
forum was seen as a watershed in both WIPO’s and UNESCO’s acknowledgement that the question of the protection of the heritage of Indigenous peoples was within both their mandates.\(^5\)

The 1998-1999 biennium was the beginning of WIPO’s systemic response to meeting emerging global issues relating to genetic resources and traditional knowledge. As part of its background for its Program and Budget, WIPO outlined three challenges facing the intellectual property system in a rapidly changing world:

- Accelerating technological advancement has created new global issues impacting on the intellectual property system.
- Integration of the world economical, ecological, cultural, trading and information systems requires more active exploration of intellectual property issues at a global level, complementing WIPO’s national and regional activities.
- The pervasiveness of intellectual property in the fabric of human activity and aspiration, and the universal character of IPRs, and a call for an exploration of new ways by which the intellectual property system can serve as an engine for social, cultural and economic progress for the world’s diverse populations.\(^6\)

In the 1998-1999 biennium, WIPO expressly articulated a single, simple objective – namely, to identify and explore the intellectual property needs and expectations of new beneficiaries including the holders of traditional knowledge and innovations, in order to promote the contribution of the intellectual property system to their social, cultural and economic development. The Main Program identified four key areas where rapid modern technological and social changes were exerting stress on the existing intellectual property system, and identified WIPO’s tasks in considering how those areas needed to be addressed in order to ease pressures and to advance the IP system:

- IPRs for New Beneficiaries.
- Biological Diversity and Biotechnology.
- Protection of Expressions of Folklore.
- Beyond Territoriality.

WIPO’s subprogram (IPRs for New Beneficiaries) outlined its mandate and set of activities relating to the intellectual property needs and expectations of new beneficiaries including the holders of traditional knowledge and innovations, in order to promote the contribution of the intellectual property system to their social, cultural and economic development. WIPO stated that it had been called upon by various international agencies and forums to provide technical advice and information on intellectual property matters where these arise in relation to certain groups which had had little or no effective access to the IP system, for instance the United Nations Commission on Human Rights (Sub-Commission on Prevention of Discrimination and Protection of Minorities) and the Conference of the Parties to the Convention of Biological Diversity (Workshop on Traditional Knowledge and Biological Diversity).

The work of WIPO in the 1998-99 biennium focused on issue identification, fact-finding, research and consultation in preparation for its responsibilities of setting new directions for global intellectual property policy and law. WIPO identified six main activities through which it proposed to carry out its tasks with respect to intellectual property rights for new beneficiaries including the holders of Indigenous knowledge and innovations. Tasks specifically related to issues affecting Indigenous peoples included conducting nine fact-finding missions to various regions of the world for the purpose of identifying the intellectual property needs and expectations of holders of traditional knowledge and hosting two round-tables on the topic of Intellectual Property and Traditional Knowledge. The Final Report from the fact-finding missions acknowledged that “while the needs of traditional knowledge [TK] holders have been referred to in other international fora, there has been to date no systematic global exercise by international organisations to document and assess, first-hand, the IP-related [intellectual property] needs of TK holders.”\(^7\)

WIPO fact-finders focused on traditional knowledge holders as the intended beneficiaries of their work. From WIPO’s perspective, traditional knowledge is a subset of the broader concept of heritage, and Indigenous knowledge was a subset of traditional knowledge.\(^8\) Traditional knowledge holders have been defined as “all persons who create, originate, develop and practice traditional knowledge in a traditional setting and context”.\(^9\) WIPO has emphasised that Indigenous communities, peoples and nations are traditional knowledge holders, but qualified this by stating that not all traditional knowledge holders are Indigenous. Thus, the argument is mounted that its
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intended beneficiaries included Indigenous peoples as part of a larger body of traditional knowledge holders.

The WIPO Final Report uses the following comprehensive definition of traditional knowledge that conforms closely with their mandate of promoting IPRs in creations of the human mind under Article 2(viii) of the Convention Establishing the World Intellectual Property Organization, 1967:

...refer[s] to tradition-based literary, artistic or scientific works; performances; inventions; scientific discoveries; designs; marks, names and symbols; undisclosed information; and all other tradition-based innovations and creations resulting from intellectual activity in the industrial, scientific, literary or artistic fields. “Tradition-based” refers to knowledge systems, creations, innovations and cultural expressions which have generally been transmitted from generation to generation; are generally regarded as pertaining to a particular people or its territory; have generally been developed in a non-systematic way; and, are constantly evolving in response to a changing environment.

Categories of traditional knowledge include: agricultural knowledge; scientific knowledge; technical knowledge; ecological knowledge; medicinal knowledge, including related medicines and remedies; biodiversity-related knowledge; “expressions of folklore” in the form of music, dance, song, handicrafts, designs, stories and artwork; elements of languages, such as names, geographical indications and symbols; and movable cultural properties.

From WIPO’s perspective, traditional knowledge does not include such items as human remains, languages in general and “cultural heritage” in the broad sense. Notably, in their “Summary, Reflections and Conclusions”, many fact-finding mission participants disagreed with that stance, stating that the definition of traditional knowledge should include certain forms that fell outside the scope of potential intellectual property subject matter, including: spiritual beliefs, dispute-resolution processes and methods of governance, languages, human remains, and biological and genetic resources in their natural state, knowledge or information per se.

At its 26th (12th Extraordinary) General Assembly held from 25 September to 3 October 2000, WIPO Member States established a special body to discuss intellectual property issues related to genetic resources, traditional knowledge and folklore.

Since then, the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) has held many sessions in Geneva, where it has focused on three primary themes:

- Access to genetic resources and benefit sharing.
- The protection of traditional knowledge, whether or not associated with those resources.
- The protection of expressions of folklore.

More than a decade later, WIPO Member States have recognised the growing implications and challenges of biotechnology advances and genetic resources upon economics, trade and intellectual property concepts and mechanisms of protection on a global scale. The changing organisational approach of WIPO to its duties and activities has reflected – at least in principle – the growing international recognition of the interrelationship between biotechnology advances, genetic resources, traditional knowledge and intellectual property.

For Indigenous peoples, however, the reality of the international intellectual property system is that WIPO simply serves the needs and interests of its Member States. Indigenous peoples, once again lacking the international status necessary to have a voice within the WIPO regime, have had no, or very little, participation or input into the terms of existing IP treaties or the articulation of emerging global intellectual property policies. As with other international organisations, it may be argued that most Indigenous groups reject having to be approved by Member States as non-governmental organisations in order to participate in WIPO meetings as observers.

Like other international organisations, WIPO’s conceptual approach to emerging global issues essentially reflects a state-centred agenda (driven as it is by Member States). The relationship between biotechnology advances, genetic resources and traditional knowledge was originally identified within the context of Member States’ discussions at WIPO General Assemblies. Accordingly, Indigenous knowledge is seen as merely a subset of traditional knowledge, not as an area worthy of distinct treatment. Although Indigenous peoples have positive opportunities to have their traditional knowledge needs and interests addressed within...
WIPO, WIPO’s formal responses still remain limited to those available to traditional knowledge holders as a whole.

Notwithstanding, the establishment of the IGC has been a generally positive development, even though participation is limited to Member States and to accredited non-governmental organisations. The work of IGC still offers some promising implications, particularly in terms of examining *sui generis* mechanisms of protecting traditional knowledge under the existing international intellectual property regime.

Along the way, some Indigenous groups have taken advantage of the opportunity to participate in the sessions, albeit within a limited capacity. However, while Indigenous peoples have lobbied with a measure of success to have sections deal specifically with their issues, included within the major international environmental treaty (CBD), they have not had similar opportunities with international IP treaties. Essentially, this means that Indigenous peoples have had to rely on existing IP treaties and their processes as the only potential sources for the protection of their heritage and traditional knowledge. International IP law as a potential source of protection of Indigenous heritage and knowledge is useful in the short-term as a response to immediate and immense pressures on the integrity and viability of Indigenous heritages. But, moreover, the international IP system can only be seen as potentially effective in the long-term if *sui generis* systems of protection under the existing IP regime can be implemented. Not surprisingly, Indigenous peoples remain reluctant to commit wholeheartedly to pursuing the protection of their heritage and traditional knowledge under a regime that approaches heritage and knowledge as concepts of property, when such concepts are fundamentally incompatible with Indigenous worldviews, values and systems.

Unlocking New Protections for Indigenous Traditional Knowledge – A Way Forward

External strategies of protecting Indigenous cultural heritage and traditional knowledge must take a more holistic approach than traditional IP laws have allowed to the present. Any subsequent strategy of external intervention as part of the action stage of decolonisation must be based on and complement Indigenous internal systems of regulating, transmitting and protecting traditional knowledge and language.

Indigenous peoples have encountered serious obstacles in how their concerns are framed and approached in outside legal systems, including international and intellectual property laws. Indigenous positions on protecting Indigenous heritage and knowledge through such means have been based on the principle that systems of protection must be holistic in approach in order to reflect and respect the integrity of Indigenous holistic approaches. Any protective regimes designed by the international community must adopt the approach of managing and protecting all elements of Indigenous heritage as a single, interrelated and integrated whole. It is *not* appropriate to subdivide the heritage of Indigenous peoples into separate legal categories such as cultural, artistic or intellectual; or to subdivide it into separate elements such as songs, stories, science or sacred sites. Rather, it is appropriate to avoid making such distinctions for Indigenous peoples. Clearly, existing traditional forms of legal protection of cultural and intellectual property, such as copyright and patent, are not only inadequate but inherently unsuitable for the needs of Indigenous peoples.

**Conclusion**

Indigenous cultural heritage and traditional knowledge must be respected and protected under a post-colonial framework of international and intellectual property laws if they are to be shared on an equitable basis with all the peoples of the world.

The great diversity of Indigenous peoples is reflected in their relationship with some of the most biologically diverse ecosystems on the planet. Most Indigenous peoples carry traditional knowledge and an awareness of the sacred gifts with which they have been entrusted to nurture and maintain creation in all its complex interrelationships. Most Indigenous knowledge systems are also characterised by the value of sharing knowledge on an equitable basis for the good of all life forms and forces on the planet.

It should also not be forgotten that the experience of withstanding centuries of colonialism has severely damaged many Indigenous systems of protecting, preserving and transmitting their knowledge and heritage. As part of their decolonisation process, Indigenous peoples have had to embrace external strategies such as
seeking protection under a colonial framework of international law, while simultaneously trying to move toward a post-colonial framework of international relations and law, including intellectual property law.\textsuperscript{12}

It will require international society to move away from valuing singularity to valuing diversity before the international community and its laws can be characterised as having moved beyond colonialism as an organising framework. International and intellectual property laws are in a position to support the internal decolonisation processes underway in many Indigenous nations and communities, including Australia. Only when Indigenous peoples are empowered by law to choose freely to share their Indigenous traditional knowledge and heritage with all other peoples on an equitable basis, can the internal and external processes of decolonisation be said to have converged to create a post-colonial and harmonious framework of international relations.

This Issue

\textit{Report by Professor Natalie Stoianoff on behalf of the Indigenous Knowledge Forum}

On 1-3 August 2012, a forum on Indigenous knowledge and biodiversity in India and Australia was held at the University of Technology, Sydney (UTS), hosted by the Faculty of Law. The forum provided an opportunity for dialogue on comparative issues in Indigenous knowledge and biodiversity in Australia and India from the perspective of intellectual property and biodiversity laws and policies. The forum explored current and future directions regarding the implementation and operation of these laws and policies, particularly with respect to the rights and interests of Indigenous and local peoples. Emphasis was given to Indigenous peoples’ activities in formulating their own approaches regarding the protection and use of their knowledge, as well as advocating for rights and recognition, and participation in policy development.

The rationale for the forum was two-fold. First, to address the interface between two spheres of legal regimes that are currently dealing with Indigenous knowledge; namely biodiversity and environmental laws on the one hand; and intellectual property laws on the other. And secondly, to provide a comparative focus in which to explore the issues arising from this interface, with a particular emphasis on implementation and operation of law and policy in these areas, and the rights and interests of Indigenous and local peoples.

The comparative focus on India and Australia was selected for the UTS forum for good reason. There are significant ecological, historical and legal similarities between Australia and India. Each nation has identifiable Indigenous and local populations. Each nation covers an entire continent or sub-continent, and comprises a federation of states and territories. Both have experienced British colonialism – albeit in very different modalities - and have emerged as democracies. India and Australia are both members of the Commonwealth and operate a common law legal system. Both nations are regarded as being biologically mega-diverse. These similarities provide a valuable opportunity to explore the interactions between Indigenous knowledge and practices with intellectual property and biodiversity laws, recognising also that these interactions occur within broader contexts of social, political and legal issues that concern Indigenous and local peoples.

The comparative focus is equally attentive to differences between India and Australia. There are significant differences in population size, and in economic development and growth models. The two nations also differ markedly in their discourses on Indigenous and local peoples across a wide range of matters including notions of "Indigenous" identity, political and legal aspects, and different perspectives in recognition and implementation of rights. It is these differences and commonalities between India and Australia that presented a compelling opportunity for a forum for comparative exchange and dialogue.

The forum was opened with an acknowledgment to Country by Aunty Joan Tranter, Elder in Residence, Jumbunna Indigenous House of Learning, University of Technology, Sydney (UTS), followed by welcome addresses from Consul General Arun Kumar Goel of the Consulate General of India, Sydney, Ian Goss, General Manager, Business Development & Strategy Group IP Australia, Dipen Rughani, National Chairman of the Australia India Business Council, Innes Ireland, Executive Manager, International and External Engagement, UTS, and myself as the Forum Chair.

The program for the forum comprised plenary sessions in which diverse perspectives were presented highlighting many of the issues and challenges, outlining the various legal and policy developments, and identifying questions that need
A number of these presentations included valuable case studies.

One key question that was a common theme throughout the forum concerned ways in which existing and emerging legal and policy frameworks are engaging with the rights of Indigenous and local people. Speakers addressing all these subjects included representatives from the Secretariat of the CBD, Australian Federal and State governments, Indian and Australian NGOs, the United Nations University, and Indigenous communities, and non-government activist organisations. Academic and legal experts from Australia and India presented on issues such as international protocols, national implementation, ethical knowledge management, rights to country and right to benefit from bio-resources and related knowledge.

Several papers presented at the forum will be reproduced in successive issues of the journal during 2013, commencing with the joint paper by Patricia and myself on the WIPO Intergovernmental Committee.


Contents of this Issue

This first issue for 2013 covers a broad gamut of intellectual property law, from patent to copyright law, trade mark law to IP issues as they relate to traditional knowledge.

In the first article, Justice Middleton provides a succinct and illuminating overview of the role of the skilled addressee in patent litigation, tracing the historical concept of the skilled addressee through the case law to its origins, and identifying the various contexts in which such an expert is invoked. Interestingly, His Honour observes that, at the end of the day, the evidence of the skilled addressee is simply a tool that assists the Court in reaching the correct policy balance in determining the patent issues in dispute by reference to the statutory criteria.

Turning to copyright law, J.M. Hennessey SC then addresses the still unsettled topic of authorisation in acts of copyright infringement in the internet environment. The author provides an excellent contextual setting, first revisiting the Moorhouse and Cooper cases, then focusing on the significance of the Roadshow Film case. The author concludes that the law still remains uncertain in connection with the authorisation liability of ISPs in the online environment, and that undoubtedly the law in this critical, fast-changing area will evolve through further case law, legislative changes and the creation and implementation of consideration of relevant and hopefully workable industry codes.

Changing tempo completely, we are then invited to a survey of developments on traditional knowledge and cultural expressions in the international arena, specifically in the context of the recent work undertaken by WIPO’s Intergovernmental Committee. The authors also provide an overview of the provisions relating to the protection of traditional knowledge, and the implications in particular for patent law and plant breeder’s rights.

The next topic is particularly topical, wherein Devita Pathi offers us an insightful critique of the Tobacco Plain Packaging Act 2011 (Cth), and mounts the argument that this Act interferes with the trade mark owner’s positive right of use as provided under the Trade Marks Act. The author takes the view that this new legislation effectively creates a two-tier trade mark system where tobacco and non-tobacco trade marks are treated differently under Australia’s trade mark registration system, and moreover, that the Act arguably does not comply with Australia’s obligations under international intellectual property treaties.

In the last article, Fraser Old laments the looming demise of omnibus claims under the Intellectual Property Laws Amendment (Raising the Bar) Act 2011 (Cth). The new Act will require that claims must not rely on references to the description or drawing(s) except when absolutely necessary to define the invention, thereby preventing the routine inclusion of omnibus claims. The author strongly insists that omnibus claims have proved important in protecting against “incompetence” which, in various forms, can often arise in patent cases.

This issue’s Profile places the spotlight on the career of Wayne McMaster, a well-known veteran of patent law. Nicholas Smith charts the diversity of Wayne’s IP practice (notably in the pharmaceutical, biotechnology and life sciences fields), his high profile in many landmark Australian patent cases, and how he has somehow managed to traverse a variety of legal cultures from first-tier mega law firms to running his own IP practice.

Lastly, as usual, I thank each of the regular correspondents to the Current Developments section of the journal, with whom I look forward to working throughout the coming year.
Editorial – Intellectual Property Law and Indigenous Traditional Knowledge

invaluable, topical reports undoubtedly keep us abreast with the latest developments, here and abroad, in the world of intellectual property law.

1 Paris Convention for the Protection of Industrial Property (1883); the Berne Convention for the Protection of Literary and Artistic Works (1886).
3 Art. 3(i).
4 Art. 4.
8 Ibid. at 25.
9 Ibid. at 26.
10 Ibid. at 25.
12 Ibid. at 290-291.
Wayne McMaster has been at the heart of the Australian patent scene for a very long time. Few practitioners are fortunate enough to have been a patent attorney, a solicitor, a principal at their own firm and a partner at three different top-tier firms in Australia. Wayne’s practice has covered the gamut of work in the patent area, including drafting and prosecuting patent applications, licensing and commercialisation of technologies and patent litigation. He is particularly well-known for his role in many of the major patent litigations in the past 10 years in the pharmaceutical, biotechnology and life sciences area. Wayne continues to maintain an incredibly active practice, and is reputed to be the first lawyer to walk through the doors of the Melbourne office of King & Wood Mallesons each morning.

Q: I understand your first post-secondary qualification is in metallurgy. How did you end up in that area?
A: I actually started off studying materials engineering at Monash and then switched to metallurgy. The reason I ended up doing metallurgy or materials engineering is because my brother, who is three years older than me, did medicine. That is as far as the logic went at the time. I always liked playing with mechanical things, pulling engines apart and stuff like that.

Q: After graduating from RMIT, you became a patent attorney. What first drew you to the world of patents?
A: I actually trained as a patent attorney at the same time I was finishing off my metallurgy qualification. What drew me being a patent attorney to me was an advertisement in *The Age* that described what a patent attorney does. When I saw it, I thought that sounded pretty neat. I showed it to my wife (we had just married at the time). She said, “That will bore you to tears!”

Q: After 10 years at a patent attorney, you graduated with a law degree and became a lawyer with an expertise in the area of patent law. What prompted the move from patent attorney to solicitor?
A: Frustration. At the time, I was involved in a number of cases where I was instructing lawyers and barristers, and I couldn't see the reason for the duplication. I then decided that, for my matters, I wanted to do the work that a patent attorney was doing and what the lawyer was doing (the solicitor that is, not the barrister).

Q: After six years as a partner in Freehills (now Herbert Smith Freehills), you became a principal of your own firm, McMaster and Associates. What drove you to set up shop for yourself?
A: At that time, I was spending about three months of the year travelling, I also had two daughters who were reaching their teens, and I decided that if I didn't actually take time to spend with them for the next three or four years, then I'd never be close to them. There was one other factor. While I have never regretted my time at Freehills, I have described my time at Freehills as like putting a child in a chocolate factory – very, very rewarding, but sometimes you can just eat too much chocolate!

Q: After four years at McMaster and Associates, you became a partner at Allens Arthur Robinson (now Allens), then later at King & Wood Mallesons. Why did you decide to move back into large law firm culture?
A: I thoroughly enjoyed the four years of having my own practice. It enabled me to do what I wanted to do, and that ranged from work in commercialising IP, patent attorney work and IP litigation. However, after four years, I had three or four solicitor/patent attorney dual-qualified people working for me and I didn't think it was healthy for them or for me to work absent the influence of peers. I was approached by a number of firms over the year or so before I merged with Allens Arthur Robinson. During that
process, I decided that, at my age, I needed skilled people around to be bouncing ideas off, and it was clear to me that so did the other lawyers in my firm. I moved back into a large commercial firm because they had the practice that was closely aligned with the type of work that we did and had an opportunity to engage with other skilled lawyers. Large law firms don’t scare me and they have facilities which I could never really match in my own practice.

Q: Why did you leave Allens to move to King & Wood Mallesons?

A: That was a classic conflict where Allens decided to go along a particular originator avenue and sacked a client from which I still get significant work today, Hospira (which used to be Mayne Pharma and FH Faulding & Co). That meant that the Melbourne IP group at Allens split and six of us left the firm. At the time, Allens handled that departure in the most professional way that I could ever have expected. It was truly gentleman-to-gentleman behaviour.

Q: You have been a partner at three different “top-tier” law firms for 24 years? What are the most significant changes that you have had to come to grips with as a partner in that period?

A: Over that period, large law firms have been forming and growing by having more offices and more extensive practices. They have had to become much more businesslike. The firms that I have been associated with have matured at different rates in relation to a business focus. That has some positives and some negatives.

What I mean by business focus is that firms must be seen outwardly as having a clear image, and inwardly they must be accountable. Traditionally, large law firms had very little accountability internally and placed little focus on making sure the administrative tasks of a law firm were done. That has all changed. While large firms are still a conglomeration of little individual practices, there is much more focus on making sure that is co-ordinated. That is a significant change. In the next 20 years, it will become more and more business-focused. There will be more emphasis on justifying your position in the firm. I have been through firms that have been very collegiate, including Mallesons, but collegiality, because of those other business factors, is not what it was 10 or 20 years ago.

Q: In recent years, you have been involved in a number of large pharmaceutical cases. What is it about that area of patent law that particularly interests you?

A: Actually, my first pharmaceutical piece of litigation was in 1993, which was almost 20 years ago. I like the life sciences industry in its entirety; it is not just the pharmaceutical litigation. I enjoy the technology licensing work in that area, which I do a lot of; and the regulatory aspect. It is a classic marriage of regulatory work with patents and it has a natural fit with me. It's something which I started off doing with Faulding, because I was dragged into the Taxol litigation defending an interlocutory injunction in 1994-95 (Bristol-Myers Squibb Company v FH Faulding and Co Limited [1995] FCA 1145). That case gave me an insight into that area that was just fascinating. Because of the health and regulatory environment, there are so many drivers in that area that determine what companies do that are just not characteristic of other areas.

Q: Is there any one case or cases that you have worked on that stand out as particular favourites?

A: It would be the one case two years ago for Docetaxel (Interpharma Pty Ltd v Aventis Pharma SA [2011] FCA 32), because that was the first case in the last 5-10 years where the interlocutory injunction on a pharmaceutical patent was not granted. What I liked about it was that, finally, the courts started to look at the conduct by patentee as well as the alleged infringer. Up until then, it was not recognised that a patentee, by stalling and not answering requests for information, could affect their equitable position in relation to an injunction. While there was a whole host of other factors that meant that the outcome went the way it did, it was that equity that was most interesting. I am a great believer that, if you are going to court to get equitable relief, you have to conduct yourself in a way that allows you to have “clean hands”.

very
Q: What do you consider are the keys to running a successful patent litigation?

A: Early preparation. Luckily, a number of pharmaceutical companies that I act for also believe in that. Having the luxury of being briefed one to two years in advance of what is going to happen in the market means that I have the luxury to spend time with the experts, and to understand the technology in absolute detail. That again is symptomatic of the pharmaceutical area. I find that preparation is really the key to knowing whether to engage in litigation. It may well be a situation where you say “don’t launch a product”, or “don’t sue”. That time is a real luxury that does not happen so much in other technologies. Mind you, in Apple and Samsung it probably does!

Q: Generally speaking, where do you think the future challenges of patent law lie?

A: The test for obviousness in Australia. To me, that is the biggest issue which confronts both patentees as well as alleged infringers notwithstanding the Raising the Bar legislation, which did not in reality deal very specifically with the test for obviousness (although it is inserted in a couple of provisions to assist). The bottom line is that our test in Australia is far more favourable to a patentee than the obviousness test and its application overseas. Part of that is related to the types of patents that historically have been allowed in Australia. We went through a couple of decades of virtually anything being able to pass through the Patent Office because the examiners were hamstrung. We are now experiencing a far tougher examination process at The Patent Office, and that is fine and much more in line with overseas practice. But, when matters come before the courts, the test for obviousness is just problematic.

Q: Are there any key intellectual property issues you would like to see addressed, either by the courts or by the legislature?

A: I really wish that there was a way of obtaining judgments quicker and for them being less expensive. The courts certainly try and accommodate speed but they have resourcing pressures of their own. The cost of a patent action, even for a mechanical action in Australia, is way too high, given the size of our market, but for certain markets. The UK and Europe dispense a different form of justice which is a compromise. Their approach is that, if you are going to litigate for example, if you are attacking obviousness, you can rely on only two or three pieces of prior art and that is it. Discovery is also very limited. As to experts, you may be only permitted to have one each, unless there is a really good reason otherwise. Further, the matter usually proceeds to trial in six to nine months. The way in which a European court looks at prior art is on the basis of what it says and it does not require excessive proof of the common general knowledge, and certainly proof nowhere to the extent of Australia where it links back to the obviousness test. I would certainly like the system to be cheaper and simpler.

Q: Finally, what are some of your interests away from the law?

A: I like to sail. I like spending time with my two grandsons, who are two and four, which allows me to be a complete idiot, as I think all fathers or grandfathers can be with their kids.
The Skilled Addressee

The Honourable Justice John Middleton
Federal Court of Australia

Introduction

The grant of letters patent, conferring a monopoly and thereby effectively interfering with freedom of trade for a fixed period, was historically an exercise of the Crown’s prerogative. Such prerogative was required to be exercised only “for the advantage and good of the people, otherwise they ought not to be allowed by law”.

By the creation of monopolies to first and true inventors in the right of using their inventions, a species of property is created in favour of inventors, as a reward for the benefits which they have conferred on humanity, by the exercise of their thought, knowledge and industry. It is to the interests of the community that persons should be induced to devote their time, energies and resources in furtherance of the development of arts and manufactures, and this was recognised in England from the earliest periods which can pretend to be described as civilised.

It was to the advantage of the whole community that inventors should be rewarded, and no measure of reward can be conceived more just and equitable, and bearing a closer relation to the benefit conferred by the particular inventor than to grant him the sole right of making, using and vending his invention for a limited period of time.

Prior to 1624, monopolies fell into two categories: first, those that were granted in return for the introduction or invention of a new trade or article; and secondly, those granted in restraint of trade in articles and arts already known. This latter category of monopoly was typically granted to courtiers or those attached to the Crown service. T M Stevens, the author of the second edition of Edmunds on Patents, had the following to say about the two classes of monopolies:

The [first] class (provided that the monopoly was granted only for a limited time) was defensible as an encouragement and reward for ingenuity, work, or expense incurred producing an addition to the material wealth of the nation. The [second class] was an unalloyed evil, contrary to the common law, and not worthy of being made an exception to the rule that a grant in restraint of trade is invalid.

This second and objectionable class of monopoly was eventually prohibited by the 1624 Statute of Monopolies, which served to codify much of the common law regarding patents. However, even today there remains a tension in patent law policy – namely, the need to balance the interests of the public in receiving the benefit of new inventions with the desirability of free trade. It is desirable to support patents for meritorious discoveries, but also to protect the public against monopolies where the alleged “inventions” are not of any real merit. It is for these reasons that the question of patent validity is governed by such tests as novelty, inventive step and utility – these are the checks and balances that ensure the striking of “a balance of policy considerations in patent law[,] of encouraging and rewarding inventors without impeding advances and improvements by skilled, non-inventive persons”.

Central to many of these patent law tests is a “wraith-like legal creature” that is said to “[stalk] the Reports of Patent Cases just as the ‘reasonable man’ does the treatises on tort”, and which is the subject of this article – the “skilled addressee”.

Generally speaking, the skilled addressee is a person who works in the relevant field of art or science with which the invention in a given case
is connected. They are of ordinary skill, and are equipped with common general knowledge in the art. They do not necessarily need to be formally qualified – instead, they may have practical skill in the field. They are a construct, a hypothetical person – or in some cases, a team of people – through whose eyes the Court is required to assess the patent for various purposes.

The skilled addressee may be described as "wraith-like" not least of all because of the variety of names attributed to them over time, and in different contexts. As recognised by Justice Finkelstein in Root Quality Pty Ltd v Root Control Technologies Pty Ltd, sometimes they are the "notional skilled addressee". At other times, they are the "uninventive skilled worker in the particular field". Sometimes, they are the "non-inventive worker in the field". At other times – as in the Patents Act 1990 (Cth) (the Act) – they are the "person skilled in the art". They have also been referred to as the "non-inventive hypothetical skilled addressee". This is by no means an exhaustive list. I understand all of these expressions to be referring to the same person, to whom I shall refer (for the purpose of consistency in this article) as the "skilled addressee".

Contexts in Which the Skilled Addressee is Invoked

The skilled addressee is called upon in a number of contexts in both the Act and Australian patent law more generally.

Construction

The first of these contexts is construction. Although the construction of a specification is a question of law and ultimately a matter for the Court, it is the skilled addressee to whom a patent is addressed and through whose eyes the Court is required to construe the patent. In some instances, a Court will need the assistance of expert evidence in order to undertake this task.

Novelty

The next context is novelty, which is a key criterion of patent validity. It is the knowledge of the "person skilled in the relevant art" that will determine whether a patent is novel. Novelty is dealt with in ss.7 and 18 of the Act. The question is whether the person skilled in the relevant art, having reference to the prior art and common general knowledge at the relevant time, would have perceived the invention without exercising inventive ingenuity.

Inventive Step

The person skilled in the relevant art will also judge whether a patent contains an inventive step. Inventive step is dealt with in ss.7 and 18 of the Act. Here, the inquiry is whether the invention was obvious; namely, whether the person skilled in the relevant art (having reference to the relevant prior art and common general knowledge at the time) would have been led as a matter of course to try the invention in the expectation that it would have produced a useful result. If this is made out, the patent will, of course, be invalid for want of inventive step.

Usefulness

The person skilled in the relevant art also plays a role in determining the usefulness of a patent, which is stipulated as a requirement for validity under s.18 of the Act. This inquiry requires the Court to construe the patent as the person skilled in the relevant art, who is desirous of making the invention.

Sufficiency

Finally, s.138(3)(f) of the Act provides that a patent may be revoked on the ground that the specification does not comply with ss.40(2) or (3) of the Act. Section 40(2)(a) of the Act requires a complete specification to "describe the invention fully, including the best method known to the applicant of performing the invention". In Kimberly-Clark Australia Pty Ltd v Arico Trading International Pty Ltd, the High Court explained that under this section, the question is:

will the disclosure [in the specification] enable the addressee of the specification to produce something within each claim without new inventions or additions or prolonged study of matters presenting initial difficulty?

For these purposes, the addressee of the specification is the skilled addressee.

Further, I note that from 15 April 2013, the Act will contain even more references to the "person skilled in the relevant art":

(a) Section 7A will be inserted into the Act to expressly define when an invention
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is ‘useful’ – specifically, sub-section (2) of this section will provide that “the disclosure in the complete specification must be sufficient for that specific, substantial and credible use to be appreciated by a person skilled in the relevant art” [emphasis added].

(b) Express references to a “person skilled in the relevant art” will also be inserted into ss.40, 43, 114 and 114A (sections which address specifications and priority dates) to make it clear that specifications must disclose the invention in a manner which is clear and complete enough for the invention to be performed by a person skilled in the relevant art.

At the outset, I should say that issues of construction can in some cases be determined without the assistance of skilled addressee evidence, or without non-inventive skilled addressee evidence.

In Britax Childcare Pty Ltd v Infra-Secure Pty Ltd, I concluded that there is no absolute need for a person to have a non-inventive quality before they can be qualified to give evidence on construction of a patent.

In Australian Mud Company Pty Ltd v Coretell Pty Ltd, Barker J accepted that an inventive person could assist on construction, even if they are not the non-inventive skilled addressee of the patent in suit. In the context of determining the suitability of an expert witness proposed by the applicants in that case as the “skilled addressee”, His Honour said:

The respondents concede that the field of the invention, core sample orientation tools, could include, or overlap with, the discipline of mechatronic engineering. To this extent, the respondents accept that Professor Trevelyan is a competent witness. However, the respondents say that Professor Trevelyan is inventive and therefore cannot be regarded as a non-inventive skilled addressee. The respondents supported this contention by tendering a schedule outlining the patenting activities of Professor Trevelyan... Consequently, the respondents say that the court should qualify the weight to be attributed to Professor Trevelyan’s evidence...

The applicants say that although Professor Trevelyan might himself be described as inventive this should not disqualify him from addressing the court in relation to the patent. Professor Trevelyan’s uncontested evidence is that as a professor of mechatronics he is required to work closely with and supervise his own students – many of whom work in the mining industry – and this gives him considerable insight into how a person skilled in the art would understand the patent: transcript, pp.147, 197. The applicants say that this information is relevant and assist the court in construing the claims in the patent.

I accept that Professor Trevelyan’s evidence is relevant to the issues in dispute in this proceeding and I accept that his evidence may go to what the non-inventive but skilled worker engaged in the design, manufacture or operation of core sample orientation tools would understand the patent to mean. However, given the uncontested evidence that Professor Trevelyan is inventive, I do not accept that he himself is the non-inventive skilled addressee of the subject patent. [emphasis in original]

The decision of Barker J was appealed and his Honour’s decision was affirmed, although his Honour’s comments on the skilled addressee were not the subject of the appeal decision.

What is the Skilled Addressee?

Generally speaking, the first step in identifying the appropriate skilled addressee in a given case is to identify the field of knowledge to which the invention relates. This is important because the identification of the relevant field of knowledge will, in turn, determine the characteristics of the skilled addressee. Care must be taken before a judge in making this identification, because it may lead to unhappy consequences in the presenting of evidence before a Court.

In the case of Fina Research SA v Halliburton Energy Services Inc, the Federal Court at an early stage of a trial ruled inadmissible expert evidence of a purported “skilled addressee”. The Court did so because the description of the required “skilled addressee” did not correspond to that of the experience and expertise of the expert witness to be called.

In that case, the patent concerned the composition of drilling mud. The Court decided that the appropriate characterisation of the attributes of the skilled addressee was a person with a requisite
specialised knowledge in formulating drilling mud. The question that arose was whether the proposed expert was such a person.

Senior Counsel for the applicants submitted that the skilled addressee was an industrial chemist in a drilling mud laboratory or mud company laboratory formulating muds. The proposed expert witness had general expertise as a chemist with considerable knowledge of, and experience with, the petroleum industry. However, he did not have experience in formulating drilling mud. Without such experience, he was not in a position to give relevant evidence of assistance to the Court concerning the formulation of drilling mud bearing on the meaning of a patent application, the issue of novelty or the issue of obviousness.

I now turn to the nature of the skilled addressee. Justice Kirby made the following comments about the role and characteristics of the evidence relating to the skilled addressee in his dissenting judgment in *Aktiebolaget Hässlé v Alphapharm Pty Limited*:

It is appropriate to remember why courts in the past have invented the hypothetical formulator instead of simply expressing their own opinions on subjects of this kind. The reason for interposing this fictitious person is clear. Judges themselves (or juries in the days when juries decided such questions) could not be expert in all the fields of science and technology involved. They were, therefore, invariably reliant upon expert evidence in the particular field to prove what was “obvious” at the relevant date and what was not; what involved an “inventive step” and what did not. It would defeat the purpose of the Act if the applicable test were to be expressed in terms of what was obvious, as such, to a jury, to a judge or even to a reasonable person.

It follows that the posited formulator must necessarily have some knowledge of the relevant art, if only to be in a position to evaluate the presence, or absence, of obviousness. What is imagined cannot be a layman completed unskilled in the art. It must be someone sufficiently skilled and competent to answer the questions posed by the Act. A dullard or ignoramus the hypothetical formulator cannot be. And yet courts have also said that what is required is someone skilled but “non-inventive” or someone “unimaginative” or someone “lacking in inventive capacity”.

In *Carnic Components Ltd v Hill and Smith Ltd*, Lord Diplock said that skilled addressees are “likely to have a practical interest in the subject matter [of the invention]”. Depending on the invention in question, this person may, therefore, need to be skilled in more than one art. In such a situation, the Court may conceive of not just one skilled addressee, but a whole team, whose combined skills are to be employed in applying the patent law tests I previously set out. This is often the case in highly technical fields such as those that spawn pharmaceutical patents. In such cases, evidence will usually need to be led about how the team members would interact to solve problems.

The extent of a skilled addressee’s knowledge and experience may well impact differently on the result in any given case depending on context.

One example of this is the inquiry undertaken by the Court regarding the common general knowledge that is to be attributed to the skilled addressee for different purposes under the Act. In the inventive step inquiry, the more extensive the knowledge base of a skilled addressee, the greater the likelihood of a patent claim being found to be obvious. In contrast, when considering insufficiency, if a skilled addressee has a very expansive knowledge base, this can increase the chances of the patent being found to provide a sufficient description of the invention and the method by which it is to be performed.

The common general knowledge of a skilled addressee in a particular case will be determined in large part by the level of skill that is attributed to them by the Court. This, too, is a balancing exercise. If the skill level is set too high, there is the risk that every supposedly inventive step will seem obvious. Conversely, setting the level of skill too low may produce the opposite result, and fail to screen out those inventions that are in fact obvious.

It is to be expected that the level of skill imputed to a skilled addressee – who is typically described as being “of ordinary skill in the art” – will vary according to the specific facts of each case. It is said that, where a field is occupied by practical tradesmen rather than by scientists, claims should be considered against the background of that field – not of:
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some unreal field peopled by a technological elite. What must be taken into account is the common general knowledge and the skill of the relevant calling.

However, in some fields, different considerations apply. For example, with pharmaceutical or veterinary science patents, Courts have recognised that the skilled addressee (or team) may have PhD qualifications in a relevant field of science.46 In such fields, the skilled addressee may also have a capacity for original research.47

Other characteristics of the skilled addressee (or their team) include the fact that they have the best equipment available to them, and are not constrained by either the amount of time they can address to a particular problem or how they obtain their funding.48 The Full Court in Fallshaw Holdings Pty Ltd v Flexello Castors & Wheels Pty Ltd49 cautioned that in considering the attributes of the skilled addressee, a Court should “not ignore the rapid advance of technology during the present century, which has certainly enhanced the equipment that skilled persons in many arts bring to the solution of their problems”.50

They may also be “well-versed in the periodical literature of their subjects”,51 and carry out library or electronic searches.52 In some fields, the skilled addressee may even make themselves familiar with patent specifications as they become available for inspection.53 At least in the context of pharmaceutical development, for example, the notion that the relevant skilled addressee “sits alone, speculating with nothing more than knowledge remembered from university lectures that are retained at the front of the mind”, has been rejected.54

The skilled addressee – or their team – may also have certain specialist facilities or services available to them. For example, if evidence shows that a team of skilled addressees at a certain date would have sub-contracted certain tasks to outside workers, this may be built into the “skilled addressee” concept in a particular case.55 The skilled addressee may also attend and deliver papers at conferences (both domestically and internationally, as is appropriate in the circumstances).56

Finally, it is often said that one of the key characteristics of the skilled addressee is non-inventiveness,57 or what is sometimes referred to as a complete lack of imagination58 or ingenuity.59 This is one of the key points that I want to address.

It is said that the description of the skilled addressee in this way, as the non-inventive and unimaginative worker in the field, is designed to exclude patentees and others of particularly inventive disposition from the relevant tests.60 This is supposedly designed to ensure that the various tests for patent validity that invoke the concept of the skilled addressee – novelty, inventive step, et cetera – are all applied objectively by the Court, and that, where expert evidence is led to assist the Court in constructing the skilled addressee in a particular case, the risk that such evidence is tainted by that witness applying hindsight or a particular bias is minimised.

However, a complicating factor in this analysis is that in highly technical fields (such as biotechnology or pharmaceuticals), a degree of inventiveness, ingenuity or initiative is effectively a pre-requisite for being involved in those fields in the first place. In such circumstances, the concept of the utterly non-inventive skilled addressee is potentially very artificial indeed.

This brings us to the question: must the skilled addressee always, in all contexts in which they are invoked under Australian patent law, be non-inventive?

Must the Skilled Addressee Always Be Non-inventive?

In the recent matter of Britax Childcare Pty Ltd v Infa-Secure Pty Ltd61 I was required to consider the role of the skilled addressee in the context of patent construction. Two principal issues arose for consideration:

(1) Whether the characteristics of the skilled addressee (and in particular, their defining characteristic of non-inventiveness) must always be the same, regardless of the context in which this hypothetical construct is invoked.

(2) Whether persons giving expert evidence to assist the Court in the construction of the skilled addressee in a particular case must similarly always be non-inventive.

The Britax decision only related to construction, and other aspects of the case are still being litigated.

I concluded that the attributes of the skilled addressee do not necessarily need to be the same in the context of claim construction on the one hand, and novelty and inventive step on the other. As a matter of statutory construction, it may be that the term “person skilled in the relevant art” as
referred to in the Act is to be construed so that their characteristics are the same for the purpose of both s.7(1) (novelty) and s.7(2) (inventive step) in any given case.

However, the Act does not expressly refer to the principles applicable to interpreting a patent, so I did not consider myself to be bound (as a matter of statutory construction) to require that the skilled addressee involved in assisting with the construction of a patent have the same attributes as the “person skilled in the relevant art” referred to in ss.7(1) and 7(2).

The idea that the characteristics of the skilled addressee – in particular, their level of inventiveness – may differ according to the context in which they are invoked finds support in a number of decisions made by Courts in both Australia and the United Kingdom. Genentech Inc v The Wellcome Foundation Ltd was one such case and is instructive. In this case – which was decided by the UK Court of Appeal in 1988 – Genentech sued The Wellcome Foundation, alleging infringement of a patent concerned with the synthesis and manufacture of human tissue plasminogen activator protein using recombinant DNA technology. The Wellcome Foundation counter-sued for invalidity of Genentech’s patent.

When considering the team of people who were “skilled in the art” and required for the purpose of determining questions of insufficiency and inventive step, Lord Justice Mustill concluded that “in a case like this no such person exists”. Further, in the course of considering the attributes of this team of skilled addressees, His Lordship noted that “traditional patent law, and indeed the current legislation, is ill at ease with this type of complex and rapidly developing new technology”. His Lordship acknowledged that “the authorities show… that the hypothetical team is to be credited with no inventive capacity at all”, but felt that a distinction needed to be drawn between the skilled addressees invoked in the different contexts of inventive step and insufficiency under UK law in the field of recombinant DNA technology.

Each of these [sections of the relevant UK patent legislation] refers to the person skilled in the art, and it has been assumed that since the words are the same the person and his attributes must also be the same, whichever section is in play. In the case of the classical

mechanical engineering patent, this is true. Whether one is asking if the addressee can read the drawings and the description, so as to be able to work the invention, or if the skilled man can proceed from the drawings and descriptions of the prior art to the new product or process without inventiveness, there is no difficulty in using the same notional skilled artificer as the touchstone. But the position here is different. Once given that we are concerned with a series of different arts practised in this complex field, it cannot be assumed that the arts in which the hypothetical persons are skilled will be the same whether they are addressees who start with the patent and try to make it work, or persons who start with the prior art and try to get to the patent. This is indeed obvious in the present case, since the amino-acid sequencer who is a vital member of the discovering team will be redundant when the addressees are seeking to fabricate (say) the claimed expression vectors, since ex hypothesi they will know, not just the five or six bases which were derived en route to the discovery but the full length of the protein sequences.

His Lordship continued:

Equally, I am not persuaded that the standard of attainment contemplated by the sections will always be the same (although it will often be the same) for the individual members of the notional addressee team as for the notional discovery team. To work the patent, the addressees follow the instructions, filling in gaps and clarifying obscurities by common sense and trial and error. This may require skill and experience, but not inventive facility. But the discovery team has no instruction to follow. Unlike the addressees it does not know the answers in advance, and in practice the people who constitute it will be required to exercise different talents from those who take the information disclosed in the patent and put it into practice.

In my judgment this distinction lies close to the heart of what has seemed to me one of the most confusing aspects of this difficult case, namely the undoubted presence in the authorities of statements which seem to deny to the skilled man

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any inventive capacity at all. This surely cannot be applied in a literal way to cases like the present, for if it were so an invention could scarcely ever be obvious, since all the routes to the desired end are likely to throw up problems, more or less knotty. This problem does not arise in the context of s.14(3) (a section concerning insufficiency). If one is asking whether the patent teaches the reader how to work the invention, the fact that it cannot be worked unless the addressee himself makes an invention must be fatal, since it demonstrates that the description is insufficient. But where one is looking at the research team, one cannot treat them as dull plodders, for such people would not be members of the team at all, except as laboratory assistants. We have to envisage people who are skilled, and skilled in the art. Here we have a difficult art, in which the skill consists in a substantial degree of an ability to solve problems. It must, I consider, follow from this that the hypothetical skilled man must be credited with that particular ability in the appropriate degree.67

His Lordship concluded:

Where the art by its nature involves intellectual gifts and ingenuity of approach, it would, I believe, be wrong to assume that the hypothetical worker is devoid of these gifts.58

These observations were made in the context of a team of skilled addressees, operating in a highly technical field. Of course, it is important to note that Justice Bennett in *H Lundbeck A/S v Alphapharm Pty Ltd*69 cautioned that “[c]are must be taken in applying United Kingdom jurisprudence on the 1977 Act (UK) to Australian patents”.70 Further, the High Court in *Alphapharm* warned that the treatment of “obviousness” by the UK Court of Appeal in *Genentech* represents the divergence of European law from the Australian treatment of obviousness.71

However, in my opinion, his Lordship’s observations – about the tensions created by the historical assumption that the skilled addressee is utterly un inventive in all contexts – merit further consideration. As far as I am aware, no Australian Court has yet expressly grappled with (or expressly rejected, for that matter) Lord Justice Mustill’s comments on this issue in *Genentech*.

Further, the prospect that the skilled addressee need not always be non-inventive was independently raised by Justice McHugh in his dissenting judgment in *Alphapharm*. In that case, his Honour asserted that “[a] judge trying the obviousness issue is not bound, as a matter of law, to determine that issue by reference to persons who are not ‘particularly imaginative or inventive’”.72 His Honour continued:

These statements, and similar ones, have been made by judges, highly experienced and eminent in patent law, and applied by many other judges. A judge faced with a situation similar to those dealt with in a judgment containing one of these statements would be well advised to follow it, reflecting as it does the collective wisdom of the judiciary on this type of situation. And to do so helps to achieve consistency in fact finding, a matter of great importance if the law is to maintain the confidence of litigants. Equal justice under the law requires that like cases should be decided alike. Nevertheless, all such judicial statements merely reflect reasoning processes concerning factual issues. They do not lay down any legal principles and they have no precedent value. They are not binding upon judges hearing future cases.

In many fields of law governed by statute, such as income taxation, workers’ compensation, environmental planning and patents, judges and practitioners, who specialise in those fields, have a tendency to treat judicial statements, determinative of particular cases, as principles of law. Few of them are. Most of the time, they simply reflect how experienced judges have resolved particular factual situations. As Dixon CJ once said, in rejecting an argument that a departure from observations made in an earlier case warranted the grant of special leave to appeal, “It is not everything that appears in the Law Reports that is law”. Some may see this statement as a cynical reference to the Law Reports containing erroneous statements of legal principle. But given its context, I think that the great Chief Justice was emphasising that many statements in the Law Reports...
are concerned with reasoning about factual situations.73

History of the Skilled Addressee

For the purpose of preparing this article, my Associate tried to trace the concept of the skilled addressee back through the case law to its origins. It proved to be wraith-like indeed. This inquiry was complicated by the issue identified by Justice Finkelstein in Root Quality Pty Ltd v Root Control Technologies Pty Ltd – the skilled addressee goes by many names, which has implications for conducting electronic searches of case law databases. Further, the archives of UK patent law in Australia are finite – there came a point when we had tracked the concept back to case law from 1778, but could go no further.

It is important to note that the context in which the question arose in the old cases was usually in the context of sufficiency of the patent. As I have alluded to, context may be important in determining the exact characteristics and role of the skilled addressee. The views expressed by the Courts in the context of sufficiency may have limited applicability in other contexts.

So, with those caveats in mind, the earliest reference we were able to find to the skilled addressee in the UK case law available to us was an obscure reference to the person to whom a patent specification is addressed, appearing in the 1778 case of Liardet v Johnson.74 In this case, Lord Mansfield stated that one of the “general questions on patents” was “whether the specification is sufficient to enable others to make it up”, as “[t]he meaning of the specification is, that others may be taught to do the thing for which the patent is granted”.75 Regrettably, his Lordship did not see fit to elaborate on who these “others” might be.

The next case we were able to find was that of Arkwright v Nightingale,76 a case in which, in the context of argument about the sufficiency of the patent in question, it was asserted by Counsel for the plaintiff (namely, Mr Arkwright) that:

If an ingenious mechanic were to make a new invention in clocks or watches, it would not be incumbent upon him to make a specification intelligible to a common cobbler. The person who is to make from the specification must be acquainted with the construction of watches in use before; and it will be sufficient in the principle of common sense, and to satisfy the requisition of the law, if the specification is sufficient to enable a skilful watchmaker, who knew nothing of the invention but from the specification, to add the improvements to the movements that were before in use.77

Lord Loughborough agreed, stating that:

The clearness of the specification must be according to the subject-matter of it; it is addressed to persons in the profession having skill in the subject, not to men of ignorance, and if it is understood by those whose business leads them to be conversant in such subjects, it is intelligible.78

Despite his Lordship finding in favour of Mr Arkwright (and his patent for machines that spun material such as silk and flax), later that year came the case of R v Arkwright,79 in which Mr Arkwright was required to defend a writ of scire facias to repeal his patent, purportedly on grounds including (a) that the grant was “prejudicial and inconvenient to the King’s subjects in general”, and (b) that Mr Arkwright had not sufficiently described his invention in the patent specification. This time, Justice Buller considered the sufficiency of the patent, and stated:80

It has been truly said by the counsel, that if the specification be such that mechanical men of common understanding can comprehend it, to make a machine by it, it is sufficient; but then it must be such that the mechanics may be able to make the machine by following the directions of the specification, without any new inventions or additions of their own.

In the 1787 case of Turner v Winter,81 the Court of King’s Bench made the following comment about the sufficiency of patents:

It is sufficient if persons of skill can understand the process by means of the specification, so as to keep alive the discovery after the patentee’s exclusive title is expired.82

In the 1809 case of Harmar v Playne,83 the same Court stated:

It may not be necessary, indeed, in stating a specification of a patent for an improvement, to state precisely all the former known parts of the machine, and then to apply to those the improvement; but on many occasions it may be sufficient to refer generally to them… the meaning of the specification was that others might be taught to do the thing for which the patent was granted, it must be understood...
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to enable persons of reasonably competent skill in such matters to make it; for no sort of specification would probably enable a ploughman, utterly ignorant of the whole art, to make a watch.84

In the 1825 case of Bloxam v Elsee,85 the Assizes Court considered the sufficiency of a patent, and commented that:

An inventor of a machine is not tied down to make such a specification, as, by words only, would enable a skilful mechanic to make the machine, but he is to be allowed to call in aid the drawings which he annexes to the specification; and if, by a comparison of the words and the drawings, the one will explain the other sufficiently to enable a skilful mechanic to perform the work, such a specification is sufficient.86

However, these cases do not explore in any detail whether the skilled addressee must be non-inventive. That comes later. In the 1836 case of Morgan v Seaward,87 the Court considered the requirement that a specification sufficiently describe the invention. Approving the comments of Justice Buller in R v Arkwright during his summing up for the jury in that matter, Baron Alderson said:

Mr Justice Buller, in the case of the King v Arkwright, lays down as the criterion, that a man to entitle himself to the benefit of a patent of monopoly must disclose his secret and specify his invention in such a way that others of the same trade, who are artists, may be taught to do the thing for which the patent is granted, by following the directions of the specification, without any new invention or addition of their own. That is reasonable and proper, for people in trade ought to be told the manner in which the thing may be done in respect of which the patent is granted. – How? Not by themselves becoming inventors of a method of carrying it into effect, but by following the specification, without making a new invention, or making any addition to the specification. If the invention can only be carried into effect by persons setting themselves a problem to solve, then they who solve the problem become the inventors of the method of solving it, and he who leaves persons to carry out his invention by means of that application of their understanding, does not teach them in his specification that which in order to entitle him to maintain his patent he should teach them, the way of doing the thing, but sets them a problem, which being suggested to persons of skill, they may be able to solve. That is not the way in which a specification ought to be framed. It ought to be framed so as not to call on a person to have recourse to more than those ordinary means of knowledge (not invention) which a workman of competent skill in his art and trade may be presumed to have. You may call upon him to exercise all the actual existing knowledge common to the trade, but you cannot call upon him to exercise anything more. You have no right to call upon him to tax his ingenuity or invention. Those are the criteria by which you ought to be governed, and you ought to decide this question according to those criteria.88

His Honour concluded:

[If you shall think that this invention has been so specified that any competent engineer, having the ordinary knowledge which competent engineers possess, could carry it into effect by the application of his skill, and the use of his previous knowledge, without any inventions on his part, and that he could do it in the manner described by the specification, and from the information disclosed in the specification, the specification would be sufficient. If, on the other hand, you think that engineers of ordinary and competent skill would have to set themselves a problem to solve, and would have to solve that problem before they could do it, then the specification would be bad.89

In the 1841 case of Neilson v Harford,90 during argument on the appropriate test for determining sufficiency of a patent, Counsel for the defendants submitted:

It is a fundamental rule, on which all others for making and judging of a specification depend, that the secret must be disclosed in such a manner, that men of common understanding, with a moderate knowledge of the art, may be enabled to make the subject of the patent. Nothing to invention, [sic] nothing to experiment… if a person of moderate capacity, having a little knowledge of the science which led to the
invention, can immediately see the method pointed out, and easily apprehend the purport for which the subject was invented, without study, without any invention of his own, and without experiments, the disclosure is fully and fairly made.  

[emphasis added]

When addressing the jury in that case, Baron Parkes said:

It is to be a person only of ordinary skill and ordinary knowledge. You are not to ask yourselves the question, whether persons of great skill – a first-rate engineer, or a second class engineer, as described by Mr. Farey – whether they would do it; because generally those persons are men of great science and philosophical knowledge, and they would upon a mere hint in the specification probably invent a machine which should answer the purpose extremely well; but that is not the description of persons to whom this specification may be supposed to be addressed – it is supposed to be addressed to a practical workman, who brings the ordinary degree of knowledge and the ordinary degree of capacity to the subject; and if such a person would construct an apparatus that would answer some beneficial purpose, whatever its shape was, according to the terms of this specification, then I think that this specification is good, and the patent may be supported so far as relates to that.  

In 1862, the case of Hill v Evans was decided by the Court of Appeal in Chancery. Lord Westbury made the following remarks in the context of considering novelty and anticipation:

The question then is, what must be the nature of the antecedent statement? I apprehend that the principle is correctly thus expressed: – the antecedent statement must be such that a person of ordinary knowledge of the subject would at once perceive, understand, and be able practically to apply the discovery without the necessity of making further experiments and gaining further information before the invention can be made useful.  

[emphasis added]

In the 1876 case of Plimpton v Malcolmson, Master of the Rolls Jessel made the following comments about sufficiency of patents:

Now, what is the meaning of it being a sufficient specification? Upon that there has been a very great deal of authority. Judges have stated it in different ways, no doubt, but I do not think there is much difference in substance. In the first place, it is plain that the specification of a patent is not addressed to people who are ignorant of the subject-matter. It is addressed to people who know something about it. But then there are various kinds of people who know something about it. If it is a mechanical invention, as this is, you have first of all all scientific mechanicians of the first class, eminent engineers; then you have scientific mechanicians of the second class, managers of great manufactories, great employers of labour, persons who have studied mechanics – not to the same extent as the first class, the scientific engineers, but still to a great extent – for the purpose of conducting manufactories of complicated and unusual machines, and who therefore must have made the subject a matter of very considerable study; and in this class I should include foremen, being men of superior intelligence, who like their masters would be capable of invention, and like the scientific engineers would be able to find out what was meant even from slight hints, and still more from imperfect descriptions, and would be able to supplement, so as to succeed even from a defective description, and even more than that, would be able to correct an erroneous description. That is what I would say of the two first classes, which I will call the scientific classes. The other class consists of the ordinary workman, using that amount of skill and intelligence which is fairly to be expected from him – not a careless man, but a careful man, though not possessing that great scientific knowledge or power of invention which would enable him by himself, unaided, to supplement a defective description, or correct an erroneous description. Now, as I understand, to be a good specification it must be intelligible to the third class I have mentioned, and that is the result of the law. It will be a bad specification if the first two classes only understand it, and if the third class do not. I do not think when the cases come to be examined, there is really any difference between the judges on this point. Their language differs, but I do not think the cases differ.

In the 1876 case of Plimpton v Malcolmson, Master of the Rolls Jessel made the following comments about sufficiency of patents:
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The Master of the Rolls then referred to Baron Alderson’s observation in *Morgan v. Seaward* – that a patentee cannot call upon a workman of competent skill to exercise his ingenuity or invention – and continued:

Of course that is open to the observation that the meaning of the word “invention” may differ to different minds, and it is sometimes impossible to draw the line between perception and invention. We had an instance of that in the present case. One man may see from a drawing which ninety-nine men out of a hundred cannot see. The witness Mr. Hulse stated he had a peculiar faculty for seeing from a drawing things other people did not see, and he likened it to the man who could read music at sight – could read a piece of music he had never seen before, as compared to the ordinary mortal who enjoys no such privilege. But again, as I said before, some people might have said that what he thinks is perception is invention. In fact, he describes it as intuitive perception, a peculiar power. Many people would call that the power of supplementing, by invention what the drawing disclosed to ordinary persons. It is quite impossible to say, without considering the concrete, that is, without looking at the subject-matter in respect of which you have to decide – it is quite impossible to say, in the abstract, what is invention and what is perception. It is therefore, I think, to be decided by the jury, under the direction of the Judge; or if there is no jury, by the Judge alone, what, having regard to the subject-matter, is an exercise of invention or an exercise of perception. So much for the law. Again, I may say, and this bears on another branch of the subject, that is important as to another objection, which I should like to dispose of at once, namely, what the specification ought to tell. First of all it ought to tell the workman how to do it; but it need not tell him every detail. Mr. Baron Alderson says this: “Now, a workman of ordinary skill, when called to put two things together, so that they should move, would, of course, by the ordinary knowledge and skill he possesses, make them of sufficient size to move. There he would have to bring, to his assistance his knowledge that the size of the parts is material to the working of the machine. That is within the ordinary knowledge of every workman. He says, ‘I see this will not work because it is too small’, and then he makes it a little larger, and finds it will work: what is required is that the specification should be such as to enable a workman of ordinary skill to make the machine; with respect to that, therefore, I do not apprehend you will feel much difficulty.” Therefore he does not mean that the man is to shut his eyes, and copy what he sees before him; but he is to do it in an intelligent manner, and when he has made it according to the specification, and sees it will not work, and sees by the ordinary knowledge of his trade what is to be done to make it work, he is to make it work; and if the specification does not mislead, and contains enough to enable the man to do that, then it is sufficient. The other cases upon the subject are numerous. It is sufficient to say that, in my opinion, they do not conflict with what Mr. Baron Alderson lays down in *Morgan v. Seaward*.

In the 1885 case of *Philpott v. Hanbury*, Justice Grove stated that for anticipation of a patent to be made out:

[i]there is not the same necessity for accurate description of how an invention shall be carried into effect, for the purpose of anticipating an invention, as there is for the purpose of sustaining a patent in the hands of a patentee, because in the latter case a description ought to be given which ought not to merely inform the minds of every skilled person or scientific person in the trade, but should inform the minds of ordinary people who are accustomed to work at the trade. Therefore I think that there is a distinction; but I am willing to rest my definition or description of what anticipates a patent on this, that there must be a publication which, when read by persons versed in the trade, skilful and well acquainted with the trade (I might even limit it perhaps to those in the trade who are most skilled – the higher class of skilled workmen) would enable them to understand it. If it be such, it anticipates the patent. If it is a mere suggestion, if it is so erroneous in the description that they cannot, by reasonable application of the mind, find out what it means, it does not anticipate the patent. But if it reasonably discloses what the invention is, so that a person skilled in the trade can practice the invention from it, then I am of the opinion that there is anticipation.
If these patents were so obscure or so vague that a person could not make them out reasonably by the application of an ordinary mind, or I will not say of an ordinary mind, but of a skilled mind, to them, then I should say that they certainly do not anticipate. But if, with a little trouble, and the reasoning which a dressmaker would apply to any form of patent or design or system for dresses, a person can make them out, which I am convinced has been done in the present case, then I am of opinion that they anticipate the patent.

Several years later, in 1892, the House of Lords decided the case of The Anglo-American Brush Electric Light Corporation v King, Brown & Co. In the context of considering sufficiency, Lord Watson said:

it occurs to me that a reader, whether man of science or skilled workman, would probably have been at a loss to discover what Varley meant, and might not have arrived at either shunt or series-shunt winding without some exercise of his inventive faculty.

His Lordship continued:

His specification may, notwithstanding that defect, be sufficient to convey to men of science and employers of labour information which will enable them, without any exercise of inventive ingenuity, to understand his invention, and to give a workman the specific directions which he failed to communicate. In that case, I cannot doubt that his invention is published as completely as if his description had been intelligible to a workman of ordinary skill.

In 1913, in the case of Gillette Safety Razor Company v Anglo-American Trading Company Ltd, Lord Moulton was required to consider whether there had been anticipation of a patent by prior publication, and invoked the concept of the mechanician “of the most ordinary competency”. Lord Moulton was required to consider whether there had been anticipation of a patent by prior publication, and invoked the concept of the mechanician “of the most ordinary competency”. I consider that his Lordship came very close to explaining the rationale that underpins the requirement that the skilled addressee invariably be non-inventive when he said:

In ascertaining [the effect of the prior publication], the Court must consider what it would convey to the public to whom it was addressed, i.e. to mechanicians. I recognise that it would be most unfair to subsequent patentees if we tested this by what it would convey or suggest to a mechanical genius; but, on the other hand, it would be equally unjust to the public to take it as though it were read only by mechanical idiots…

None of these early UK cases cited a common “originating source” for the concept of the skilled addressee, or explained in detail why the skilled addressee must be non-inventive. However, based on the policy considerations that pervade patent law (and as alluded to by Lord Moulton in the Gillette case), it appears that the concept of the skilled addressee has evolved over time as a means of ensuring that tests of patent validity, such as novelty and inventive step, are applied as objectively as possible. This is a weapon in the Court’s arsenal to ensure that the appropriate balance is struck between upholding patents and encouraging innovation, and ensuring unmeritorious patents are not granted so that they do not stifle trade. Review of these early patent law cases show that this consideration has endured over time.

HindsightBias

Putting aside the references made in the cases to the non-inventiveness of the skilled addressee, there is a practical consideration that may explain why, in some cases, it was apparently expected that the experts giving evidence to assist the Court in applying this concept in its inquiry must also be non-inventive.

One of the problems with a witness who is giving evidence and is in the category of an inventive skilled addressee, is that he or she may import a certain hindsight bias into their approach to giving evidence.

Hindsight is the phenomenon whereby:

people who know the answer vastly overestimate its predictability or obviousness, compared to the estimates of subjects who must guess without advance knowledge. Hindsight bias is sometimes called the I-knew-it-all-along effect.

Any hindsight bias that might otherwise affect the application of an expert’s evidence on issues
The Skilled Addressee of validity may well be able to be evaluated by the Court in the course of considering the evidence and the ultimate weight to be given to it (as with all witnesses who present evidence to a Court of law). This occurs in other areas of jurisprudence where there is a risk of applying inappropriate hindsight. The mere fact that an expert witness is inventive may not necessarily disqualify them on this basis. Indeed, in the past, Courts have accepted evidence on matters such as sufficiency, construction and infringement from witnesses who are highly qualified and skilled as well as being somewhat inventive. It seems all to be a matter of degree and the specific factual circumstances of each case.

Hindsight is a critical issue for judges to bear in mind in the adjudication of any case, but in patent cases in particular. It is possible that the requirement that has evolved over time that the skilled addressee be non-inventive was the product of two principal concerns on the part of judges:

(1) First, the concern that patentees’ work not be judged by fellow inventors (who might be more likely to deem something obvious or not novel by bringing their own skills to bear on a situation, such that the bar for obtaining patents is then set too high – something which may ultimately discourage invention and innovation in society).

(2) Secondly, the concern that evidence from such skilled, inventive addressees may be subject to hindsight bias.

As Sheppard J said in Colgate-Palmolive Co v Cussons Pty Ltd:

The important thing to remember and to keep steadily in mind is the danger of applying hindsight. When a court comes to consider whether a claimed invention is obvious, it comes to the question with the benefit (in one sense the disadvantage) of then existing knowledge and practice. It is most difficult to go back, but that is what one must endeavour to do. One therefore needs to take the greatest care to endeavour to see that hindsight plays no part in the decision making process.

Justice Crennan, in an article she wrote on obviousness and inventive step in 2007, also considered the issue of hindsight, and the “inevitable bias in human thinking” that it creates. Her Honour considered a number of studies that have been conducted since the 1970s on hindsight bias, and concluded that:

The limitation of hindsight is now confidently said to be, that individuals routinely overestimate the ex ante predictability of events after they have occurred and, indeed, it has been asserted that individuals are not cognitively able to prevent knowledge through hindsight from impairing their analysis of events.

Applying this to the patent context, it would follow that even the most honest of individuals will “consistently exaggerate what could have been anticipated in foresight and not only tend to view what has occurred as having been inevitable, but also as having appeared relatively inevitable beforehand”. Of course, this is not a phenomenon limited to patent jurisprudence. In Rosenberg v Percival, a medical negligence case in which there was an alleged failure to warn a patient about a particular risk that in fact eventuated, Chief Justice Gleeson recognised that:

There is an aspect of such a question which may form an important part of the context in which a trial judge considers the issue of causation. In the way in which litigation proceeds, the conduct of the parties is seen through the prism of hindsight. A foreseeable risk has eventuated, and harm has resulted. The particular risk becomes the focus of attention. But at the time of the allegedly tortious conduct, there may have been no reason to single it out from a number of adverse contingencies, or to attach to it the significance it later assumed. Recent judgments in this Court have drawn attention to the danger of a failure, after the event, to take account of the context, before or at the time of the event, in which a contingency was to be evaluated. This danger may be of particular significance where the alleged breach of duty of care is a failure to warn about the possible risks associated with a course of action, where there were, at the time, strong reasons in favour of pursuing the course of action.

Although Rosenberg v Percival was a medical negligence case, the comments made therein are relevant to any factual situation into which hindsight may intrude.
Other comments have been made about the dangers of hindsight bias in the context of misleading conduct and reliance by investors: to this end, see Agricultural & Rural Finance Pty Ltd v Kirk114 and Gardiner v Agricultural & Rural Finance Pty Ltd.115

Conclusion
Where complex and rapidly developing technology is involved (such as is found in the biotechnology and pharmaceutical arenas), it may not always be appropriate to invoke an entirely non-inventive skilled addressee for the purpose of applying the validity tests. Equally, the expert witness called to give evidence may not need to be inventive, or at least not wholly unimaginative with no inventive capacity. With the assistance of expert evidence, it should be possible for judges to calibrate the inventiveness of the witness in these cases to a degree that permits the construction of a hypothetical skilled addressee that appropriately reflects and achieves the underpinning policy aims in patent law.

Some may say it would be better to avoid the increased risk of “hindsight bias” by excluding the inventive person from giving evidence in the first place. The mere warning of an expert about hindsight bias may not be enough. On the other hand, in some contexts the idea of excluding the inventive person seems artificial and difficult of application. It may in some instances be inappropriate, because of the nature of the subject area of the patent, to exclude the inventive person from giving suitable evidence to assist the Court. It may also be that in the particular case of a complex patent the skilled addressee as contemplated in the Act may necessarily need to have a somewhat inventive disposition.

As far as evidence is concerned, the overriding consideration is that the Court needs objective and reliable expert help. To automatically exclude an inventive person from giving evidence may be to deprive the Court of such assistance. The Court in any given proceeding has to consider the many policy considerations which underpin patent law. It is always to be remembered that the evidence of the skilled addressee is just a tool to assist the Court in reaching the correct policy balance in determining such issues as inventive step and obviousness by reference to the statutory criteria. Of course, it is only after the Court has determined the characteristics of the skilled addressee for the purpose of these inquiries that the Court turns to consider what evidence is relevant and of assistance in undertaking the decision making task. In looking to this evidence, it may be that the expert put forward, even if inventive, is the most appropriate witness to assist the Court in its deliberations.

1 “This article is taken from a speech presented at the 26th Annual Conference of The Intellectual Property Society of Australia and New Zealand on 9 September 2012. I gratefully acknowledge the very considerable assistance given in carrying out research in the preparation of this article by my Associate, Ms Katherine Brazenor. The Law and Practice of Letters Patent for Inventions (“Edmunds on Patents”), T M Stevens (1897, 2nd ed) at 4; citing A New Abridgment of the Law, Matthew Bacon, (1832) at 384.
2 Letters Patent for Inventions; Thomas Terrell, (1884, 1st ed) at 1.
4 Ibid. 5.
6 Lockwood Security Products P/L v Doric Products P/L (No 2) (2007) 235 CLR 175 at [48]; citing Société Technique de Pulvérisation Step v Emsan Europe Ltd [1993] RPC 513 at 519 per Hoffmann LJ.
7 Becham Group Ltd v Bristol-Myers Company (No 2) (1980) 1 NZLR 192 at 232.
9 Sanofi-Aventis Australia P/L v Apatex P/L (No 3) (2011) 196 FCR 1 at 52.
10 Britax Childcare P/L v Infa-Secure P/L (2012) 96 IPR 1 at [239]; citing Leonardis v Sanson No 1 P/L (1996) 67 FCR 126 at 146.
12 Root Quality P/L v Root Control Technologies P/L (2000) 177 ALR 253 at 247 at [70].
14 Ibid. 247 at [70].
17 Britax Childcare P/L v Infa-Secure P/L (2012) 96 IPR 1 at [227].
18 Root Quality P/L v Root Control Technologies P/L (2000) 177 ALR 253 at 243; Britax Childcare P/L v Infa-Secure P/L (2012) 96 IPR 1 at [231].
19 Britax Childcare P/L v Infa-Secure P/L (2012) 96 IPR 1 at [235].
20 Ibid. [236]; citing H Lundbeck A/S v Alphapharm P/L (2009) 177 FCR 151 at [52] to [53].
21 Sanofi-Aventis Australia P/L v Apatex P/L (No 3) (2011) 196 FCR 1 at 48 [179].
22 Wake Forest University Health Sciences v Smith & Nephew P/L (ACN 000 087 507) (No 2) (2013) 92 IPR 496 at 493-496, citing relevant cases on point.
25 Ibid 17.
26 See Note 2 to the Patents Act 1990 (Cth), which sets out amendments introduced by the Intellectual Property Laws Amendment (Raising the Bar) Act 2012 (Cth) (which will commence on 15 April 2013).
29 Ibid. [36]-[38].

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30 See Australian Mud Company P/L v Cornell P/L (2011) 93 IPR 188.
33 Ibid. [4].
34 Ibid. [8].
35 Ibid.
41 See JMV Enterprises P/L v Comeng P/L (2005) 67 IPR 68 at 86, where Crennan J makes a similar point. Her Honour's decision was reversed on appeal, but the tests she applied were not the subject of comment by the Full Court.
43 H Lundbeck A/S v Alphapharm P/L (2009) 177 FCR 151 at 190.
47 Kinabalu Investments P/L v Barron & Rawson P/L (2008) 75 IPR 370 at 379.
50 Ibid. 571.
52 Ibid. 470.
54 Aktiebolaget Hässle v Alphapharm P/L (2002) 212 CLR 411 at 466.
56 Dyno Nobel Asia Pacific Ltd v Orica Australia P/L (1999) 99 FCR 151 at 200.
58 Ibid. 199.
59 Niceno Holdings P/L v Martin Engineering Co (1990) 91 ALR 513 at 531.
60 See e.g. Abbott Laboratories v CardiOtech Group P/L (No 2) (2001) FCA 810 at [56]; Deric Products P/L v Lockwood Security Products P/L (2001) 53 IPR 270 at [165]; Gambro P/L v Forrestius Medical Care South East Asia P/L (2004) 61 IPR 442, at [401].
63 Ibid. 545.
64 Ibid.
65 Ibid.
66 Ibid. 545-546.
67 Ibid. 546.
68 Ibid. 547.
69 (2009) 177 FCR 151.
70 Ibid. 188.
73 Ibid. 445-446.
74 (1778) 1 Carp Pat Cas 35.
75 Ibid. 37.
76 (1778) 1 Carp Pat Cas 38.
77 Ibid. 41.
78 Ibid. 50.
79 (1785) 1 Wels R 64.
80 (1785) 66. Regrettably, the principles or authorities on which Counsel relied in this case were not reported along with the case, so it is unclear what apparently “rite” law they referred to in argument on this point.
81 (1787) 99 ER 1274.
82 Ibid. 1276.
83 (1809) 103 ER 943.
84 Ibid. 945-946.
85 (1825) 171 ER 1316.
86 Ibid. 1319.
87 (1836) 1 Wels R 170.
88 Ibid. 173-174.
89 Ibid. 174.
90 (1841) 1 Wels R 295.
91 Ibid. 306.
92 Ibid. 314-315.
93 (1862) 65 ER 1195.
94 Ibid. 1199.
95 (1876) L R 1 Ch D 531.
96 Ibid. 569-570.
97 Ibid. 569.
98 (1885) 2 RPC 35.
99 Ibid. 43, 44 – his Honour noted that these comments comprised “an expression of opinion that is rather obiter”.
100 (1892) AC 367. This case was expressly approved by Owen CJ in Rodd v The Municipality of Hamilton (1893) 14 LR (NSW) E221 at 228-230.
101 Ibid. 377.
102 Ibid. 378.
103 (1913) 30 RPC 465.
104 Ibid. 481.
105 Ibid.
107 Morgan v Seaward (1836) 1 Wels R 178 at 181-185; Plintone v Muldoon (1870) LR 5 Ch L 531.
113 Ibid. 441-442.
114 (2011) 82 ACSR 398 at [150]-[152].
115 [2007] NSWCA 253 at [405]-[408].
The 27th Annual Conference of the Intellectual Property Society of Australia and New Zealand Inc. is being held at the Sheraton Noosa Resort & Spa, Noosa Heads, Queensland, Australia over the weekend 20 to 22 September 2013.

Friday, 20 September 2013
3.00 pm - 6.30 pm  Early Registration
3.00 pm - 5.00 pm  Pre-Conference Table Topic Sessions
6.00 pm - 8.00 pm  President’s Welcome-Cocktail Evening

Saturday, 21 September 2013
8.30 am - 9.00 am  Registration
9.00 am - 5.30 pm  Conference Sessions
7.00 pm  President’s Dinner

Sunday, 22 September 2013
9.30 am - 12.30 pm  Conference Sessions
12.30 pm - 2.00 pm  Lunch
2.00 pm  Close

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The classic statement of principle was delivered by the High Court in *University of New South Wales v Moorhouse* in 1975. *Moorhouse* has remained virtually the only guidance from the High Court on authorisation in the last 37 years, until *Roadshow v iiNet* in April 2012.

*Roadshow* provided an opportunity for the Court to revisit the law of authorisation following the introduction of s.101(1A) and s.112E in 2000 and in the context of copyright infringement occurring via the internet, the Court having denied the ISP special leave in *Cooper v Universal Music* 5 years earlier.

*Roadshow* appeared to be the ideal vehicle to assess how authorisation principles could be applied effectively to mass infringement of copyright over the internet by users of peer-to-peer (P2P) software. There was no dispute that infringement was occurring on a large scale, and that the ISP had emphatically and unapologetically determined to take no action to prevent it.

In an outcome that appears to have been strongly influenced by policy considerations, the copyright owners’ claim against the ISP was unsuccessful. The decision, particularly that of the majority, provides significant guidance for parties seeking to bring infringement claims based on authorisation in the online environment, but other important questions remain unanswered.

Ultimately, the decision is probably more about drawing a line in the sand (based on whether a putative authoriser has or does not have control over the acts of primary infringers) rather than representing a change in the approach to determining authorisation liability. In addition, it seems that one can now dispense with discussion about the synonyms ‘sanction, approve, countenance’ and simply focus on the matters set out in s.101(1A) (and s.36(1A)).

**Introduction**

Sections 36(1) and 101(1) of the *Copyright Act* 1968 (Cth) (the Act), provide that copyright is infringed by a person who, without the licence of the owner, does in Australia, or “authorises the doing in Australia” of, an act comprised in the copyright. As if to emphasise this right, s.13(2) provides that the exclusive right of a copyright owner to do an act includes the right to authorise a person to do that act.¹

The significance of this right is that it extends the scope of potential liability for infringement to third parties that have not themselves engaged in “primary” acts of infringement, but who are sufficiently closely associated with the infringing acts so as to have an equivalent liability for them. It is routinely pleaded in copyright infringement cases and has extended liability beyond primary infringers, including where infringements have taken place through the use of the internet.²

**Moorhouse**

Prior to *Roadshow v iiNet*,³ the law of authorisation in Australia was authoritatively settled by the High Court's decision in *University of New South Wales v Moorhouse*.⁴

In *Moorhouse*, the Court⁵ found that the university had authorised the infringement constituted by the making of a copy of a literary work in the library by use of a university photocopier. The Court applied its earlier statements in *Corporation of the City of Adelaide v Australasian Performing Right Association Ltd*,⁶ that construed the word “permit” as equivalent to “authorise” and therefore as synonymous with the phrase “sanction, approve or countenance” used by Banks LJ in *Performing Right Society Ltd v Ciryl Theatrical Syndicate Ltd*.⁷ In *Moorhouse*, the Court adopted the same reasoning when construing the word “authorise” in s.36 of the Act.⁸

Gibbs J considered that the High Court's decision in *City of Adelaide* provided authority for a number of propositions relevant to authorisation, including that a person cannot be said to authorise an infringement of copyright “unless he has some power to prevent it” and that “inactivity or indifference, exhibited by acts of commission or omission, may reach a degree from which an authorisation or permission may be inferred.”⁹

Gibbs J’s classic statement of principle was in the following terms:

*It seems to me to follow from these statements of principle that a person who has under his control the means by which an infringement of copyright may be committed – such as*
photocopying machine – and who makes it available to other persons, knowing, or having reason to suspect, that it is likely to be used for the purpose of committing an infringement, and omitting to take reasonable steps to limit its use to legitimate purposes, would authorise any infringement that resulted from its use.  

Jacobs J (with whom McTiernan ACJ agreed) expressed the principles from Adelaide Corporation and Ciryl as follows:

… the acts and omissions of the alleged authorising party must be looked at in the circumstances in which the act comprised in the copyright is done. The circumstances will include the likelihood that such an act will be done. "... [t]he Court may infer an authorisation or permission from acts which fall short of being direct and positive; ... indifference, exhibited by acts of commission or omission, may reach a degree from which authorisation or permission may be inferred. It is a question of fact in each case what is the true inference to be drawn from the conduct of the person who is said to have authorised ...".  

[Reference omitted]

Application of Moorhouse

The principles in Moorhouse have been applied by Australian courts at first instance (e.g. WEA International Inc v Hanimex Corporation Ltd11 and Australasian Performing Right Association Limited v Metro on George Pty Limited12) and on appeal (e.g. APRA v Jain,13 Cooper v Universal Music14 and Roadshow v iiNet15). In 1993, in Australian Tape Manufacturers Association Ltd v Commonwealth,16 the High Court referenced the principles of authorisation in Moorhouse without criticism.

The most detailed examination of the principles of authorisation was conducted by Gummow J, sitting as a single judge of the Federal Court, in WEA International Inc v Hanimex Corp Ltd.17 There, his Honour observed that the narrow concept of ‘express or formal permission or active conduct indicating approval was not essential to constitute authorisation’ under Australian law (because of Moorhouse) but that “the concept of granting or purporting to grant to a third person the right to do the act complained of [per Atkin LJ in Falcon18] came much nearer to the meaning of the word ‘authorise’ than the synonyms approved by the High Court ... in ... Moorhouse”.

Gummow J’s remarks on the scope of authorisation were generally approved by the Full Court in Jain. In that case the Full Court found the principal of the proprietor of a tavern where musical works were performed without APRAs licence liable for authorising the acts of infringement on the premises. The Court observed:

It may be that not every act which amounts to the countenancing of something is an authorisation. Every case will depend on its own facts. Matters of degree are involved. But the evidence in the present case reveals, in our opinion, a studied and deliberate course of action in which Mr Jain decided to ignore the appellant’s rights and allow a situation to develop and to continue in which he must have known that it was likely that the appellant’s music would be played without any licence from it. It was within his power to control what was occurring but he did nothing at all. In those circumstances we have reached the conclusion that the appellant established that Mr Jain authorised the infringement of copyright in question ..."  

[Emphasis added]

Is Moorhouse still relevant?

Moorhouse has not fared so well internationally. In 1988, in CBS Songs Ltd v Amstrad Consumer Electronics plc,20 the House of Lords did not follow Moorhouse.21 In 2004, in CCH Canadian Ltd v Law Society of Upper Canada the Supreme Court of Canada also departed from the authority of Moorhouse.22 The US Supreme Court has never specifically referenced Moorhouse, although it must be doubted whether the principle of contributory infringement under US law could ever have delivered an equivalent result.

In these circumstances, Roadshow Films23 was always going to be an important case in determining whether the principles in Moorhouse continued to apply, particularly following the amendments to the Act that introduced the mandatory factors now found in s101(1A) (and s.36(1A)).

Statutory Scheme Introduced in 2000

In 2000, sweeping changes were made to the Act as part of the Digital Agenda amendments, including the introduction of a right of communication to the public and a range of other provisions directed at copyright in the online environment.

Policy Objectives

The Explanatory Memorandum identified the need for reform in relation to the potential liability of carriers and carriage service providers, including ISPs:
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The need for copyright reform with respect to third-party distributors online, ie, carriers and carriage service providers (including Internet service providers (ISPs)), was highlighted by the 1997 High Court decision in *APRA v Telstra*. In light of this case, carriers and carriage service providers including ISPs have expressed concerns that they face a considerable, uncertain and unreasonable degree of liability in relation to copyright infringements carried out on facilities provided by the carriers and carriage service providers. Given the important role that ISPs in particular play in facilitating access by Australians to online services and electronic commerce, legislation providing for liability for copyright infringements in the online environment ought to be clearly defined and fairly applied.24

The government considered three policy options, being: no change to the Act (option A); codification of authorisation principles (option B); and codification of authorisation principles and the introduction of a limit on liability for authorisation principles and the introduction of a limit on liability for authorisation for carriers and carriage service providers (including ISPs) (option C). The copyright owners supported option A, but this was opposed by the ISPs. As the Explanatory Memorandum recorded:

ISP and users of copyright material opposed this approach in the Discussion Paper and sought legislative certainty about the steps they needed to take to avoid liability for authorising infringements. Accordingly, under Option B the Act would be amended to provide an inclusive list of factors which would determine whether a person authorises the doing of any act comprised in the copyright. The key factors would be: the level of control that a person has to prevent the infringement with reference to the nature of the acts complained of; the relationship between the alleged “authoriser” and the actual infringer; and whether the alleged “authoriser” took reasonable steps to avoid infringing acts of copyright.25

[Emphasis added]

The government adopted option C and introduced inter alia, both ss.101(1A) and 112E. Section 101(1A) was introduced in the following terms:

In determining, for the purposes of subsection (1), whether or not a person has authorised the doing in Australia of any act comprised in a copyright subsisting by virtue of this Part without the licence of the owner of the copyright, the matters that must be taken into account include the following:

(a) the extent (if any) of the person's power to prevent the doing of the act concerned;
(b) the nature of any relationship existing between the person and the person who did the act concerned;
(c) whether the person took any other reasonable steps to prevent or avoid the doing of the act, including whether the person complied with any relevant industry code of practice.

ISPs were to bear the costs of taking steps to avoid infringement.26

**Full Court's Approach to s.101(1A) in Cooper**

In Cooper,27 the Full Court confirmed that the Digital Agenda Act does not disclose any legislative intention to alter the meaning of the word “authorise” in the context of the Act.28 In the view of the Full Court, “authorise” meant “sanction, approve, countenance”. Kenny J observed that s.101(1A) was introduced into the Act for the purposes of, amongst other things, providing “a practical enforcement regime for copyright owners in the online environment”.29 Branson J assumed that s.101(1A) has particular relevance in circumstances involving infringement in the online environment,30 French J (as his Honour then was) agreed with both sets of reasons.

Applying the matters prescribed in s.101(1A), the Full Court held that:

(a) the ISP had the power to prevent the doing of the acts concerned because it had the power to withdraw the hosting of the website (at [62])—i.e., the ISP's role was to connect the website to the internet (at [155]);

(b) while the ISP had no immediate relationship with internet users visiting the website, no or negligible weight was placed on this issue (at [63], [156]); and

(c) the ISP could have, but did not, take reasonable steps to prevent or avoid doing the acts of infringement because it did not withdraw hosting the website or otherwise place pressure on website proprietor whose website being used for the predominant purpose of copyright infringements (at [64]), [157]).

An application for special leave to appeal to the High Court by the ISP was refused.31

**Full Court's Approach to s.101(1A) in Roadshow Films**

The Full Court in *Roadshow Films* adopted a similar construction of s.101(1A) to the one adopted by the Full Court in *Cooper*,32 including as to
the codification of common law authorisation principles.\textsuperscript{33}

All three Judges disapproved of the (“true means”) approach to determining liability adopted by the primary Judge;\textsuperscript{34} and confirmed the correctness of assessing the question of authorisation liability first by reference to s.101(1A) of the Act.\textsuperscript{35}

Two of the three Judges held (in separate judgments) that iiNet was not liable for authorisation. The majority focussed on the notion of what was reasonable in all the circumstances.\textsuperscript{36}

Their Honours also observed that there might be circumstances in which the issuing of copyright infringement notices, on the one hand, and the ability to terminate a subscriber’s account, on the other hand, might be a reasonable step, and may constitute a power to prevent infringement within s.101(1A); but so far as the majority was concerned, it was not so in this case.

\textbf{The High Court’s Decision in Roadshow Films}

The reasons for judgment of the High Court provide some guidance as to how authorisation principles might be applied in the online environment, particularly in so far as ISPs and the acts of primary infringement by their subscribers are concerned. However, as the High Court has emphasised, each case on authorisation is to be determined on the specific facts of the case.\textsuperscript{37} That qualification is apt in this case; on the one hand, it explains the Court’s use of the distinction between direct and indirect control, and, on the other hand, it limits the utility of the distinction in practice.

Two sets of reasons were delivered by the High Court,\textsuperscript{38} one of the majority (French CJ, Crennan and Kiefel JJ) and one from the minority (Gummow and Hayne JJ). Although in each the same result was reached, i.e. that the ISP had not authorised the infringements by users of its internet services, they reveal distinct approaches.

The decisions leave some, albeit limited, uncertainty as to the continued application of well-settled authorisation principles, at least in the online environment, and gives rise to a number of questions, many of which are not easily answered. In part, this is the consequence of having to strike a balance between conflicting policy considerations; the consideration of access to, and the nature of, the internet, on the one hand, and the practical enforcement of the rights of copyright owners, on the other hand.

As to the latter, the majority held:

\ldots the rationale for the separate tort of authorisation is economic – namely, cost-efficient enforcement of the rights of a copyright owner. (Instead of bringing legal action against individual primary infringers).\textsuperscript{39}

[Emphasis added]

\textbf{The Statutory Scheme and s.101(1A)}

The Court confirmed that s.101(1A) codifies authorisation principles by reference to Moorhouse.\textsuperscript{40} (The derivation of the text of s.101(1A) is from the statement of Gibbs J in Moorhouse,\textsuperscript{41} largely distilled from the judgment of Knox CJ in Adelaide City).

The majority construed the scheme of ss.101(1A) and 112E as not imposing an obligation on an ISP in iiNet’s position to prevent known acts of infringement. The “statutory clarification of the concept of authorisation in s.101(1A)” is to be read subject to the defence under s.112E, which “appears to provide protection where none is required.” (at [26]). Their Honours placed some emphasis on the fact that both s.101(1A) and the safe harbour provisions pre-dated the release of BitTorrent (at [26]). They considered s.101(1A) (c)\textsuperscript{42} as not requiring reasonable steps to be taken to prevent or avoid infringement (at [59]) (cf. statements in the EM which suggest to the contrary).\textsuperscript{43}

The Court identified the question of authorisation as being determined by asking interrelated questions informed by the matters in s.101(1A), and the facts of the case.\textsuperscript{44} “The inference of authorisation is to be drawn from those facts.”\textsuperscript{45} In particular, the majority asked: (1) Did the respondent have a power to prevent the primary infringements and, if so, what was the extent of that power (s.101(1A)(a))? (2) Did reasonable steps to prevent those infringements include the steps identified by the applicant (s.101(1A) (c))? (3) How does the relationship between the respondent and the primary infringer bear on each of those questions (s.101(1A)(b))? In so doing, their Honours rearranged the order in which the matters prescribed in s.101(1A) are to be considered.

Their Honours also assessed both the matters of power to prevent (control) (i.e. ss.101(1A)(a)) and reasonable steps (i.e. s.101(1A)(c)) having regard to the nature of the relationship between iiNet and its subscribers (i.e. s.101(1A)(b)) (cf the Full Court’s approach in Cooper). Gummow and Hayne JJ, by reference to Falcon v Famous Players Film Co.,\textsuperscript{46} spoke of the importance of “immediacy” in the relationship.\textsuperscript{47} (The provision does not itself prescribe consideration of the nature of the relationship in evaluating the other reasonable steps...
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that could have been taken to avoid the acts of primary infringement.

In both sets of reasons the significance of the well-known synonyms "sanction, approve, countenance" has been diminished (cf. *Adelaide Corporation, Moorhouse, WEA v Hanimelex, Jain and Cooper* (see [43]-[51])). The majority has de-emphasised the consideration to be given to the synonyms, indicating that since the Digital Agenda Act amendments, attention is now to be directed to s.101(1A). They also appear to relegate "countenance" to the status of the weakest or least apt synonym for "authorise". Gummow and Hayne J (at [125]-[129]) appear to go further; they favour the narrower interpretation of "authorisation" that Gummow J referred to in *WEA v Hanimelex*, namely "to clothe with authority, particularly legal authority, thereby giving a right to act", and cite *Falcon* and *CBS Songs* in support of their view.

**Power to Prevent – Control**

The majority emphasised (at [65]) that iiNet had no direct technical control to prevent customers using BitTorrent. As to contractual control, their Honours emphasised (at [66]) that iiNet did not grant a subscriber the right to infringe. That iiNet could only prevent primary infringement indirectly by terminating contracts was a factor that caused their Honours to consider the relevant power to be insufficient (at [70]).

The minority appear to go further, by emphasising that in *Moorhouse* the university controlled access not only to the photocopying room but also to the book copied and the premises containing the library and the photocopier. Their Honours also emphasised that iiNet's power was limited by its commercial nature (it could not control subscribers' acts or the software) and that only in an "artenuated sense" did iiNet have power to control the primary infringements utilising BitTorrent.

While it is true that in *City of Adelaide* Higgins J considered that there must be direct power to prevent a specific act (rather than indirect power by putting to an end a relationship, such as lessor and lessee), the other members of the High Court did not adopt that approach to control. Nor did the High Court in *Moorhouse* or in *Australian Tape Manufacturers* (cf. Nicholas J) in the Full Court who held that the more direct a person's power to prevent copyright infringement, the greater the likelihood that the failure to exercise it will result in a finding of authorisation.

The distinction the High Court in *Roadshow Films* has drawn between direct and indirect control does not sit easily with other decisions. For instance, in the line of cases involving dance bands which have performed works in breach of copyright, courts have usually had little difficulty in inferring authorisation where these performances have occurred on the respondent's premises even though the respondent had no immediate control over the decisions of the primary infringers.

Further examples may be found in authorisation cases concerning the online environment. In *Cooper*, all relevant acts of copyright infringement took place via Mr Cooper's website and the ISP was held to have the relevant power to prevent the doing of the acts concerned because it had the power to withdraw the hosting of the website. Neither the means of control by the ISP (i.e. by withdrawing the hosting of a website) nor the absence of any relationship deterred the Full Court from determining that the ISP had authorised the acts of infringement. Similarly, in the *Kazaa* case, the controller of the Kazaa system was in a position to prevent or restrict users' access to identified copyright works and in that sense the primary infringers' activities.

Ultimately, the emphasis the High Court has now placed on the notions of direct and indirect control may do little more than distinguish the facts in *Roadshow Films* from other authorisation cases. Tellingly, the High Court did not reject the reasoning in a number of the notable authorisation cases that fell for consideration in the course of determining iiNet's liability; those cases included *Cooper, Jain, WEA v Hanimelex, Kazaa and Metro on George*. It is unlikely that those cases would be decided differently were the reasoning in *Roadshow Films* to be applied to them. Rather, it seems that the High Court has drawn a line on the question of authorisation liability by reference to the level of control a respondent has had over particular acts of primary infringement. To that end, the case probably sits alongside *Tape Manufacturers* as an instance in which the High Court has determined, on the facts, that authorisation does not arise because effective control is considered not to exist.

**Reasonable Steps and Public Policy**

The majority considered, on the facts, that it was not a reasonable exercise of any power on the part of iiNet to prevent the infringements by its subscribers. Policy considerations were taken into account in evaluating the reasonable steps that could have been taken by iiNet. The nature of the internet, the BitTorrent system, and the absence of any industry code of practice adhered to by all ISPs were all factors considered to be relevant to the statutory task of assessing whether iiNet took
reasonable steps to prevent or avoid the primary infringements, given its indirect power to do so.

First, their Honours noted the diverse purposes for which the internet can be used, and relied on the fact that the BitTorrent system may also be used for non-infringing purposes (at [64], [71]). Gummow and Hayne JJ relied on the same consideration (at [139]). By way of contrast, in the Full Court, Emmett J considered use for non-infringing purposes to be irrelevant to the question of determining authorisation.63

Secondly, their Honours considered the very nature of the films studios’ case on authorisation to be one based upon an expectation that iiNet had to implement a system designed to remove infringing material from its subscribers’ computers in order to avoid secondary infringement; and then relied upon the absence of any statutory warrant for the imposition of such an obligation (at [59]). It is not clear to what extent, if any, this characterisation of the studio’s case arises out of a consideration of the background of the purpose of the 2000 amendments which were to balance the conflicting policy considerations of access to internet technology and the rights of copyright owners (noted at [26]).

Thirdly, their Honours relied upon the absence of an industry code of practice adhered to by all ISPs as a factor relevant to assessing reasonable steps (at [71]). In the absence of a code, although iiNet could terminate a customer account, it could not stop them further infringing because they could engage another ISP or access another computer using another ISP (at [73]). The absence of a code was also a factor in determining whether it was reasonable for iiNet to act on the copyright infringement notices that had been issued to iiNet on a weekly basis for 12 months prior to the service of the expert reports’ reports that explained the methodology employed to gather the evidence of the infringements identified in the notices. Their Honours observed (at [65]):

These considerations highlight the danger to an ISP, which is neither a copyright owner nor a licensee, which terminates (or threatens to terminate) a customer’s internet service in the absence of any industry protocol binding on all ISPs, or any, even interim, curial assessment of relevant matters.

Like the majority, the minority appear to have relied on the absence of an industry code as justifying why positive action through warnings and termination were not reasonable steps for iiNet to take (at [139]):

And, in any event, in the absence of an effective protocol binding ISPs (and there is no such protocol) the iiNet subscribers whose agreements were cancelled by iiNet would be free to take their business to another ISP.

The countervailing consideration was the one identified by Emmett J in the Full Court, namely that the absence of any code did not prevent consideration of other provisions in the Act concerning ISPs, in particular the benefit afforded to ISPs in the safe harbour provisions and the specific empowerment of courts to terminate specified accounts. This had informed Emmett J’s consideration that it could not per se be unreasonable to terminate or suspend an account of a repeat infringer (at [189]).

Their Honours’ consideration of iiNet’s power to prevent its subscribers’ continuing infringements in circumstances where those people could simply engage another ISP for access to the internet, (at [73], [139]), is interesting. The relevance of such a hypothetical consideration to the question of authorisation liability was dismissed by Kenny J (with whom French J, as his Honour then was, agreed) in Cooper.64 Her Honour observed that it was simply “not … to the point” because the ISP could have prevented infringements that had already occurred.

Fourthly, the minority (at [139]) said that the only practical course of action was for iiNet to exercise its contractual power to terminate accounts. The reason for that finding is not immediately apparent in light of the range of actions that were available to iiNet. By way of contrast, in the Full Court, Emmett J had concluded that sending warnings would not be unreasonable given iiNet’s use of warnings in a variety of circumstances (eg. where fees were overdue).65

Fifthly, the majority considered iiNet to be indifferent and justifiably so because of its perception of the risk of taking steps under its contract based on the information from the copyright infringement notices (at [76]). The minority expressed a similar view (at [146]). This raises the question, unanswered by their Honours, as to what the requisite quality of information would need to be; this was the very subject of one of the grounds of appeal.

The above may be contrasted with the Full Court’s approach in Cooper. Branson J (with whom French J, as his Honour then was, agreed), in the course of finding authorisation, determined the ISP could have, but did not, take reasonable steps to prevent or avoid the doing of the acts of infringement by
the website proprietor by withdrawing the hosting of his website or otherwise placing pressure on him to stop his website being used for the predominant purpose of copyright infringements.46

**Considerations and Implications**

There are a number of matters that arise for consideration as a result of the reasoning and result in *Roadshow Films*. Many of them do not admit of an easy answer or ready solution; but they do have the potential to provoke discussion in a forum such as the present session. Some candidates for discussion include the following.

The meaning of authorisation. Is it still to be taken to mean “sanction, approve, countenance” or has *Moorhouse* (and *Adelaide Corporation*, *Jain* and *Cooper*) been overturned? If the longstanding meaning remains the same, is “countenance” to be treated as the weakest link? If the meaning has been overturned, what difference will the narrower approach make? In any event, how should the meaning of “authorisation” feed into the process the court is required to follow pursuant to s.101(1A)?

Power or control. How does one identify the legitimate distinction between the indirect power of the ISP found to be liable for authorisation in *Cooper* with the indirect power of the ISP in *Roadshow Films*?

The nature of the relationship. How critical is the relationship between the putative authoriser and the primary infringer? Would notions of ‘direct’ and ‘indirect’ be useful in an analysis of the relationship in the same or similar way to the way those notions are applied by the High Court in analysing iiNet’s power or control? Would some other notion(s) assist the analysis? Is it relevant to the different results in relation to the liability of the ISPs in *Cooper* and *Roadshow Films* that in the former the ISP had no or no real relationship with the primary infringers who visited the website whereas in the latter the ISP was in a direct contractual relationship with the primary infringers?

Reasonable steps. In the context of ISPs, what are the acceptable bounds in terms of inaction? What other factors come into consideration? Is it reasonable for an ISP to warn or suspend a subscriber upon receipt of credible information about that subscriber engaging in repeated acts of copyright infringement? How can one reconcile *Cooper* with *Roadshow Films* in so far as the reasonableness of the respective ISPs was concerned? Should the absence of a relevant industry code of practice be a consideration? If so, how does this sit with s.101(1A)(c) and/or Pt V Div 2AA of the Act?

Policy considerations. How are they to be taken into account? What about where there are competing and/or conflicting policy considerations? How were the policy considerations balanced in *Roadshow Films*?

The nature of the internet. Why should the online environment be treated differently? Is it likely that copyright owners experiencing large scale infringements of their works or other subject-matter via peer-to-peer file sharing will be precluded from enforcing their rights based on the statutory tort of authorisation because “it’s the internet”? What rule, if any, should targeted legislative schemes play in this or similar contexts?

Perhaps reflecting a level of unease with the result in the case (or at least an instance of one policy consideration prevailing entirely over another), the majority observed, by way of conclusion (at [79]), that “the concept and the principles of the statutory tort of authorisation of copyright infringement are not readily suited to enforcing the rights of copyright owners in respect of widespread infringement occasioned by peer-to-peer file sharing, as occurs with the BitTorrent system”. What, then, is the solution?

While their Honours referred to the existence of legislative schemes in other jurisdictions that involve a co-operative industry protocol at ([79]), the majority observed, by way of conclusion (at [79]), that “the concept and the principles of the statutory tort of authorisation of copyright infringement are not readily suited to enforcing the rights of copyright owners in respect of widespread infringement occasioned by peer-to-peer file sharing, as occurs with the BitTorrent system”. What, then, is the solution?

**Conclusion**

The foregoing questions highlight the scope for uncertainty in connexion with the authorisation liability of ISPs in the online environment. No doubt the answers to these and other questions will appear in the fullness of time by some combination of the following: further case law; consideration of appropriate industry codes and/or legislative schemes; amendments to the Act. It is unlikely that *Roadshow Films* will be the final word.

Importantly, as the economy, locally and globally, moves increasingly to embrace the online trading environment, the implications of the decision in *Roadshow Films* is likely to be important for many years, possibly decades, to come.

However, on another level, the principles that determine authorisation liability remain tolerably clear, especially in the non-digital environment; the pre-existing case law on authorisation remains
undisturbed. What Roadshow Films does, like Australian Tape Manufacturers before it, is to draw the line when as a matter of fact control becomes too remote. In addition, the need to consider the meaning of the synonyms “sanction, approve, countenance” has largely been dispensed with and the focus is firmly upon the matters set out in s.101(1A) of the Act.

1. In WEA International Inc v Hanimex Corporation Ltd [1987] 17 FCR 274 at 281, Gummow J drew attention to this additional reference to authorisation when considering the development of authorisation in Australia.
2. For example, Universal Music Australia Pty Ltd v Sharman License Holdings Ltd (2005) 229 ALR 1 (Katsas). Cooper v Universal Music Australia Pty Ltd (2006) 156 FCR 380 (Cooper).
5. The Bench had only three members because the other judges recused themselves.
6. (1924) 40 CLR 481.
7. Performing Rights Society Ltd v Grp Theatrical Syndicate Ltd (1924) 1 KB 1.
8. Moorsehouse at 12 per Gibbs J and at 20 per Jacobs J (with whom McEwan ACJ agreed).
10. At 13.
18. [1926] 2KB 474 at 499.
19. At 61 (Sheppard, Foster and Hill JJ).
22. [2004] 1 SCR 359 at 361 [38].
24. Explanatory Memorandum, Section 1.1: What is the problem being addressed?
25. Explanatory Memorandum 3.1: Which regulatory and non-regulatory options for dealing with the problem are being considered?
26. Explanatory Memorandum 4.1: Who is affected by the problem and the solution? "Under Options A, B and C, carriers and carriage service providers (including ISPs) would hear the cost of becoming aware of any new laws relating to liability for authorisation of breaches of copyright. They would also bear the cost of taking any relevant measures to avoid liability. However, the costs and uncertainty to carriers and carriage service providers (including ISPs) under Options A and B would probably be higher than under Option C."
27. It is always to be remembered that the evidence of the skilled addressee is just a tool to assist the Court in reaching the correct policy balance in determining issues such as inventive step and obviousness by reference to the statutory criteria.
29. At [20] per Branson J (with whom French J agreed) and [140] per Kenny J (with whom French J agreed).
30. At [135].
31. At [34].
32. E-Talk Communications Pty Limited & Anor v Universal Music Pty Ltd & Ors [2007] HCATrans 313 (15 June 2007), heard by Gummow and Callinan JJ.
33. At [173], [477], [703].
34. Roadshow Films at [22], [24], [26].
35. The primary Judge had found for iNet on the basis that it did not provide the (true or immediate or more specific) means of infringement, the BitTorrent system, before considering the factors under s.101(1A).
36. Referred to at [41]. See Roadshow Films Pty Ltd v iiNet Ltd (No. 3) [2010] FCAFC 316 ALR 215 at [401]-[402].
37. Referred to at [41]. See Emmett J and Nicholas J in the Full Court at [205]-[211], [765]-[765], [785].
38. At [5] per French CJ, Crennan and Kiefel JJ, citing with approval University of New South Wales v Moorsehouse (1975) 135 CLR 1 at 12 per Gibbs J, Performing Right Society Ltd v Grp Theatrical Syndicate Ltd [1924] 1 KB 1 at 9 per Banks J.
40. At [55].
42. Moorsehouse at 13 per Gibbs J (McEwan ACJ agreeing). See also at 22 per Jacobs J; Roadshow Films at [51]-[52] per French CJ, Crennan and Kiefel J and at [133] per Gummow and Hayne J.
43. The provision refers to "whether the person had taken reasonable steps to prevent or avoid infringement" including compliance with any relevant industry code.
44. For example, EM at 19: "the steps that carriers and ISPs could need to take in order to avoid liability".
45. Moorsehouse at 12 per Gibbs J; Roadshow Films at [5], [51]-[52], [63] & [68] per French CJ, Crennan and Kiefel J, and [125] and[135] per Gummow and Hayne J.
46. Roadshow Films at [63], citing with approval Adelaide Corporation at 504 per Garavan Duffy and Starke JJ.
47. [1926] 2KB 474.
48. At [127].
49. At [68] per French CJ, Crennan and Kiefel J see also at [117] & [125] per Gummow and Hayne J.
50. Metro at [19]-[20] per Bennett J.
51. Roadshow Films at [122] and [126]-[127] per Gummow and Hayne J.
52. [1926] 2KB 474 at 499.
53. [1988] AC 1013 at 1054. 11.
54. At [129] and [130].
55. At [137].
56. At [146].
57. At 499 (referred to by the majority at [48]).
58. Full Court at [713] per Nicholas J.
60. At [62] per Branson J (with whom French J agreed).
61. At [62], [155].
62. Universal Music Australia Pty Ltd v Sharman License Holdings Ltd (2005) 220 ALR 1 at [411].
63. At [191].
64. At [155].
65. At [195].
66. Cooper at [64].
The Intellectual Property Society of Australia and New Zealand Inc. is pleased to announce its 2013 competition for an essay on a topic of the author’s choice regarding intellectual property.

1st Prize of the IPSANZ Prize will comprise the sum of $5,000 AUD plus complimentary registration at the IPSANZ 27th Annual Conference scheduled to be held over the weekend 20 - 22 September 2013 including 2 nights’ accommodation at the Sheraton Resort & Spa, Noosa Heads, Queensland, Australia and a return economy airfare from within Australia or New Zealand. 2nd and 3rd prizes of the IPSANZ Prize will comprise the sum of $1,000 AUD plus complimentary registration at the IPSANZ 27th Annual Conference.

It is intended that the Prize will be presented at the Conference. The winning entry will be published in Intellectual Property Forum, the official journal of IPSANZ.

Entries must be unpublished essays, which are the original work of the author. It is expected that entries would be between 5,000 and 10,000 words in length although there is no strict word limit.

Entries should be substantive works displaying original thinking in an area of intellectual property of the author’s choice. A maximum of two co-authors is permitted for entries. In the case of co-authors, the prize is to be shared between the authors. A maximum of two entries per author or pair of co-authors is allowed.

Airfares, accommodation and entry to the IPSANZ Conference are non-transferable and not redeemable for cash. In the case of a winning entry from a country other than Australia or New Zealand a monetary contribution representing the cost of a return economy airfare from Sydney to the capital city in which the conference is to be held, will be made.

The decision of the judging panel will be final and no correspondence will be entered into. The judging panel will retain the discretion not to award the Prize.

Three copies of each entry should be submitted by mail, typed, double-spaced and on A4 paper, and, a copy submitted electronically (in word format).

Footnotes should appear at the end of the essay. Entries should include a summary of the essay (50-100 words). Entrants should keep a copy of the entry, as no entries will be returned.

Each entry should be accompanied by a separate detached page giving the author’s name and contact details and a short biography. No identification of the author should appear on the entry itself.

Closing date for entries is Friday, 10 May 2013.

Entries should be sent to:
The Intellectual Property Society of Australia and New Zealand Inc.
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The World Intellectual Property Organisation (WIPO) and the Intergovernmental Committee: Developments on Traditional Knowledge and Cultural Expressions

Introduction

The past 20 years has seen Indigenous or traditional knowledge take centre stage in discourses on the conservation of biological diversity, sustainable socio-economic development and poverty alleviation in developing countries. It is these countries that contain the majority of mega-biologically diverse regions in the world with Australia being one of two exceptions to the rule. The utility of knowledge in the conservation and sustainable use of biological resources, held by traditional custodians of land, is specifically addressed in the Convention on Biological Diversity 1992 (CBD). Articles 8(j), 10(c) and 18(4) of the CBD recognise the significance of such traditional knowledge and custom. Equally, the need to “respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles”, “encourage customary use” and “methods of cooperation” are emphasised in the context of prior informed consent and mutually agreed terms with a view to the fair and equitable sharing of the benefits arising out of the utilisation of such knowledge.

While the first two objectives of the CBD are to promote the conservation and sustainable use of biological diversity and its components, it is the third objective with which this article is concerned: “the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources, including by appropriate access to genetic resources and by appropriate transfer of relevant technologies, taking into account all rights over those resources and to technologies, and by appropriate funding” [Article 1].

The idea of protecting knowledge and at the same time encouraging its use leads to a discussion of proprietary rights and in particular intellectual property rights. The CBD recognises the interface with intellectual property rights, particularly patent rights, and the potential influence of those rights on the implementation of the CBD [Article 16.5]. Specifically, nations are expected to “cooperate in this regard subject to national legislation and international law in order to ensure that such rights are supportive of and do not run counter to” the CBD objectives.

This article will consider the role of the World Intellectual Property Organisation (WIPO) in addressing this cooperation. The history of the Intergovernmental Committee at WIPO and their work on the subject matter of traditional cultural expressions will be reviewed. Then fast forward 22 sessions to the last session on traditional cultural expressions that Patricia Adjei attended in July 2012, and this article considers the main issues, highlights and dramas that unfolded at this constructive session. Finally, this article will review the provisions regarding the protection of traditional knowledge, its implications for patent law and plant breeder’s rights, and consider the expectation that a competent authority at national or regional level be established by member nations to administer the rights of traditional knowledge holders according to their customary protocols, understandings, laws and practices.

The Intergovernmental Committee

The World Intellectual Property Organisation (WIPO) is a United Nations agency which, together with UNEP, the United Nations Environment Programme responsible for the introduction of the CBD, jointly commissioned “a study on the role of intellectual property rights in the sharing of benefits arising from the use of biological resources and associated traditional knowledge”. This fact-finding mission, whereby consultants, Indigenous experts and stakeholders examined the issues around protection of Indigenous knowledge, led to the report Intellectual Property Needs and Expectations of Traditional
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Together with the result of other WIPO work, including joint work with UNESCO on “expressions of folklore” dating back to 1978, the WIPO General Assembly established the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC or Intergovernmental Committee) in 2000. The extensive work undertaken by the Intergovernmental Committee resulted in a range of information, practical tools and policy resources. However, this included a Gap Analysis in 2008 which identified shortcomings of the current intellectual property regimes to provide appropriate protection of Indigenous or traditional knowledge.

The three themes of work undertaken by the Intergovernmental Committee cut across conventional branches of intellectual property law and do not fit into existing WIPO bodies, hence the creation of a new division to cover Traditional Knowledge, Genetic Resources and Traditional Cultural Expressions/Folklore. This Division is the Secretariat for the Intergovernmental Committee and prepares and coordinates the meetings of the Committee as one of their main functions at WIPO. Accordingly, the subject matter dealt with by the Division is traditional knowledge, genetic resources and traditional cultural expressions/folklore.

Through the forum of the Intergovernmental Committee, WIPO Member States have been negotiating international instruments for the protection of traditional or Indigenous knowledge and culture. These instruments have been divided into two overlapping but separate streams. The stream on “traditional cultural expressions” deals with subject matter that would be covered by the copyright, designs and trade mark systems, such as stories, symbols, handicraft and dance. These “tradition based creations” have been considered to be “taking a new economic and cultural significance within a globalised information society”.

On the other hand, the stream dealing with “traditional knowledge” includes the relationship with genetic resources and views such local and Indigenous knowledge through the lens of the patent system addressing knowledge related to traditional medicinal practices, plant uses and land management. This separation into two streams does not reflect the interaction and interdependence of these two ‘aspects’ of traditional or Indigenous culture. A “cultural expression” is one of many manifestations of the knowledge in Indigenous culture, as well as a means of preserving, transmitting, using and communicating that knowledge. As Stoianoff points out:

*The knowledge is often "stored" and communicated through cultural expressions such as stories, song, dance and art and reflect a process of intergenerational observation and experience not unlike modern scientific method."*

For many Indigenous peoples, it is not so easy to distinguish between the three subject matters that the Intergovernmental Committee has delineated. In fact, many Indigenous representatives argue that Indigenous knowledge is holistic and that all three subject matters can be intertwined. For example, an artist may use the traditional knowledge of their grandparent to create a traditional cultural expression that provides ecological and medicinal knowledge for their community.

However, progress has been made on the basis of this delineation and representatives from the European Union Member States reinforced their preference for separate instruments in their report to the WIPO General Assembly Forty-First (21st Extraordinary) Session held in Geneva, from 1 to 9 October, 2012. The following section considers that progress in the context of traditional cultural expressions.

The Traditional Cultural Expressions Draft Instrument and 2012 Meeting

When one reviews the text of the current Traditional Cultural Expressions (TCEs) draft instrument, one must appreciate that it has taken 12 years for the text to become this almost succinct document and it may even need further amendment. The current text has 12 Articles but the first five Articles have the main contentious issues. The current draft Articles offer protection for any form of (artistic) expression, tangible and intangible traditional cultural expressions that have been passed from generation to generation. The beneficiaries of these rights may be Indigenous peoples or local communities. The text states that unauthorised disclosure, distortion, mutilation or misuse of TCEs by third parties should be prohibited. This protection may be perpetual. There may also be some exceptions such as preservation purposes for museums and archives.
The working text had been formulated by the first inter-sessional working group back in July 2010. This group of experts was nominated by the WIPO Member States, Indigenous representatives and NGOs, to work and produce definite text without the political play that occurs in the Intergovernmental Committee. This working group was a success as it was able to narrow down previous draft options under each Article and produce the text that would be used in future meetings organised by the Intergovernmental Committee.

The most recent meeting considering the Traditional Cultural Expressions draft instrument was the Twenty Second Session held in Geneva from 9 to 13 July, 2012. It was considered that “good progress on the definition of protectable TCEs, the identification of the beneficiaries and on exceptions and limitations to the scope of protection” had been made.  

Indigenous Panel at the July 2012 Meeting

The first day of the July 2012 session comprised an Indigenous Panel chaired by Patricia Adjei. The focus of the Panel was on the United Nations Declaration on the Rights of Indigenous Peoples and the protection of Traditional Cultural Expressions. Hailed as a highlight of the July 2012 session, reflections and constructive comments regarding the interaction between the Declaration and the draft articles on Traditional Cultural Expressions were provided by Indigenous experts including two members of the United Nations Permanent Forum on Indigenous Issues (UNPFII).

This was a very successful Indigenous panel as it was the first time that the Indigenous panel had really drilled into the text on TCEs and gave specific options on drafting the Articles for the Intergovernmental Committee Member States to really consider.

Ms Valmaine Toki, the Vice-Chair of the UNPFII, was the keynote speaker and her presentation clearly highlighted the importance of increased Indigenous participation in the Intergovernmental Committee as Indigenous peoples are the ones who are the rights holders and should have more say in how this instrument will look like. Ms Toki analysed the recommendations that the UN Permanent Forum on Indigenous Issues had recommended to the Intergovernmental Committee in May 2012. Some of the main recommendations included the establishment of an Indigenous co-chair to the Intergovernmental Committee, as well as a panel of Indigenous experts who are across international human rights law to provide input into the substantive consultation process to ensure alignment of the text with international human rights norms and principles.  

In previous sessions, the Intergovernmental Committee has often not considered or even been aware of the United Nations Declaration on the Rights of Indigenous Peoples which provides scope for protection of Traditional Cultural Expressions, Traditional Knowledge and Genetic Resources under Article 31 of that Declaration. Some Member States are now aware of and refer to this Declaration and the rights espoused by that document. The authors submit that even though the Declaration is a non-binding international instrument, these rights should not be seen as aspirational but fundamental to the wellbeing and protection of Indigenous peoples’ knowledge. It is also important to note that as the negotiations become more technical in the legal drafting of the Articles for the protection of TCEs, it is useful and advantageous for Indigenous representatives to use their experts within their Indigenous caucus to negotiate and draft relevant technical language that will best ensure alliance with international human rights law standards.

The other experts on the Indigenous panel included Mr Les Malezer, the Co-chair of National Congress of Australia’s First Peoples, Dr Mattias Ahren, Head of the Saami Human rights council in Norway and the other UNPFII member, Mr Paul Kankinye Sena, the East African regional member. These experts had also been very active in leading the discussions at the meetings for the UNPFII and the negotiations for the Nagoya Protocol to the Convention on Biological Diversity. They again highlighted the need for greater Indigenous participation and inclusion of the principles from the United Nations Declaration on the Rights of Indigenous Peoples. On the text of the draft WIPO instrument on TCEs, Dr Ahren pointed out that Articles 3 and 5, which refer to the scope of protection and exceptions and limitations, are similar in meaning so should be combined into one Article. He stated that a new combined Article should include prior informed consent, benefit sharing and that the derogatory use of TCEs should always be forbidden.

After the Indigenous panel and the resolution of a disagreement over Agenda Item 9, the delegates of the 22nd session proceeded to work intensively on
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the text, making up for the time lost as a result of the disagreement.

Issues During the 22nd Session

The main driver of the Intergovernmental Committee was to streamline the text to be able to present a draft that was a more succinct “work in progress” to the WIPO General Assembly. To be able to do this, the Committee decided that there should be an informal expert group assembled to work on the text outside of the plenary. There was an expert group made up of 36 experts from all seven socio-geographic regions and only one Indigenous expert.

This expert group was assembled to tackle the most contentious issues, these being the first 5 Articles of the text which define the areas of protection and the rights given to the beneficiaries. Why are these Articles the most contentious? These Articles give the direction to the whole instrument as they outline the scope of protection, definition of the rights and the rights holders or beneficiaries as well as how these rights will be administered. Once these areas can be defined and agreed upon, the rest of the Articles will hopefully fall into line.

Patricia Adjei shared the expert role with the other Indigenous expert, Dr Mattias Ahren, when the expert group discussed Article 1 – subject matter of protection. The expert group considered several different phrases used in the draft Article and discussed whether it was necessary to include these phrases. For example, there is reference to a Traditional Cultural Expression being “any form of artistic expression”. The discussion raised whether a TCE can be any type of expression, and whether artistic was too exclusive or limiting. Adjei and Ahren argued that artistic expression was too exclusive and it should be amended to simply ‘expression’, otherwise examples of ceremonies, rituals and games may be excluded from the definition of TCE.

Another point that the expert group discussed was whether protection should be the result of creative intellectual activity of the beneficiaries as defined in Article 2. The experts discussed whether activity needs to include the words “creative” or “intellectual”. Adjei and Ahren argued that if a TCE was not the result of creative or intellectual activity, it may be that it is not misappropriated by anyone as it probably would not be considered of any worth. So, the wording could remain or be deleted. Other experts such as the Thai expert argued that the wording was too limiting as a TCE such as a ceremony or ritual may not be considered creative or intellectual. This small slice of the type of discussion held in the expert group to make the text more succinct demonstrates the difficulties that arise when intellectual property concepts creep into the establishment of a framework for subject matter that does not conform to existing intellectual property norms. The 2008 Gap Analysis made that abundantly clear.

Another issue that goes hand in hand with any international normative process is the political positions of the different regions which are not necessarily in line with the positions of many of the Indigenous peoples. These political differences add to the reason for delay in arriving at an agreement on the text.

There are three main political positions at play in the Intergovernmental Committee. As would be expected, Indigenous representatives and organisations want a legally binding instrument which addresses issues of prior informed consent, benefit sharing and the protection of TCEs against misappropriation and misuse. While there are, of course, some differing views within the Indigenous caucus, a large percentage believe that the period of protection should be perpetual and should include all forms of Indigenous cultural expressions. Similarly, developing nations like many African States, some South American States and some Asian States, do want a legally binding instrument but the difference is that they want the State to be the beneficiary of these rights and protection. This can be seen as problematic for Indigenous peoples in countries where they are not even recognised as Indigenous peoples and communities. How will any benefit or protection be afforded to those Indigenous peoples in those States? The far extreme is some of the Developed States who prefer a softer option of a non-legally binding instrument which gives limited protection to Indigenous peoples and local communities and can include other groups such as migrant groups who may have brought and still practise their TCEs. This divergence in views is made plain in the reports of Member States to the UN General Assembly in October 2012 in the discussion of the implementation of the Development Agenda by the Intergovernmental Committee.

Many countries have a variety of cultural communities as in Australia, but one has to argue that this draft instrument should not be
focused on these groups. The aim of drafting this instrument was to protect the Indigenous knowledge and culture of Indigenous peoples and local communities. It is interesting to note that Mr Ian Goss from IP Australia stated on the first day of the conference that the Australian Government holds similar views to developing nations like Brazil, South Africa and India. These Member States often make interventions that are sympathetic to Indigenous peoples compared to the developed nations. But this is not such an unusual position for Australia to take. While Australia is a "developed" nation, it is an intellectual property importing nation unlike its northern hemisphere developed nation counterparts. As an intellectual property importer, Australia has more in common with developing nations. Further, Australia's mega-diverse biological resources also provide more commonality with its developing nation mega-biologically diverse counterparts. Finally, Australia has been increasingly valuing the knowledge and cultural expressions of its Indigenous peoples and now needs to take the next steps to consolidate that recognition.

There are, of course, many other States that are sympathetic and considered "friendly nations" to the Indigenous peoples and their representatives. These States normally support the interventions made by Indigenous peoples as when an observer wishes to include or extract text from the draft Articles, it must be supported by a member state of WIPO. So, the spirit of goodwill and negotiation should merge these three main stances to produce an instrument that provides strong protection for Indigenous knowledge and culture.

**Highlights**

The work done in the expert group outside of the plenary was aimed to tighten and streamline the text so that it could be presented to the WIPO General Assembly for consideration. This expert group was also seen as being quite successful. Even though the progress was slow, it was constructive. The expert group was able to narrow down the three options under Article 2 on beneficiaries from the previous seven groups of beneficiaries to just two groups: that is, to include Indigenous and local communities or as determined by national law. One sticking point, however, was that the French expert had a strong distaste for the wording "peoples" under "Indigenous peoples". One could argue that it may have something to do with their Constitution and relationship with their current Departments and Territories which have Indigenous peoples like French Polynesia and some Caribbean nations. Nonetheless, the expert group was seen to be very constructive and productive.

Another interesting highlight was the strong and powerful leadership of the Jamaican Chair of the Intergovernmental Committee, Ambassador Wayne McCook. There was definitely no nonsense with Mr McCook as Chair and he was able to persuade member states to negotiate and come to agreement on points of differences. This persuasive and diplomatic approach really helped to encourage a cooperative mood and goodwill in the informal expert group. This, in turn, also led to more supportive interventions in the plenary, in favour of Indigenous peoples' rights and wishes.

**Resolution?**

In the proceedings of the Intergovernmental Committee, discussion took place in relation to observers' participation and part of that process included hearing the report from the UN Permanent Forum on Indigenous Issues (UNPFII) in relation to such observers' participation. The report comprised 13 recommendations to highlight the need to bring the Intergovernmental process in line with Article 31 of the United Nations Declaration on the Rights of Indigenous Peoples. The UNPFII commended the WIPO for the Voluntary Fund to fund Indigenous representatives to participate at the Intergovernmental Committee meetings and the Indigenous IP law fellowship program. This then led to the discussion regarding the tabled document prepared by the secretariat addressing suggestions raised by the Indigenous Caucus at the Twenty-First Session of the Intergovernmental Committee, held from 16 to 20 April, 2012. In essence, the six suggestions presented by the Caucus revolved around establishing a separate category of participant in the Intergovernmental Committee, namely that of the Indigenous Peoples, separate to observers and delegates. This set of recommendations has yet to be progressed.

Further, the Intergovernmental Committee decided that the text of "The Protection of Traditional Cultural Expressions: Draft Articles" be transmitted to the WIPO General Assembly as a "work in progress" for the 1 to 9 October 2012 meeting to consider. In accordance with the Intergovernmental Committee's mandate, the WIPO General Assembly is to take stock of and consider the text and progress made, and decide on convening
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a Diplomatic Conference. The WIPO General Assembly also considers the need for additional meetings. The Intergovernmental Committee, in February 2012 and April 2012 respectively, similarly decided to transmit texts on genetic resources and traditional knowledge, respectively, to the General Assembly.

Since the presentations of the authors at the Indigenous Knowledge Forum in August 2012, the WIPO Assembly has met and determined a work program into 2013 with the first Intergovernmental Committee themed meeting (Meeting 23) to be held in relation to genetic resources from 4 to 9 February. Meeting 24 from 22 to 26 April, 2013 will consider traditional knowledge and Meeting 25 in July 2013 will consider TCEs. To give a sense of the nature of what each program will be focusing on, the following section will consider the draft articles from the document designed to protect traditional knowledge.

The Protection of Traditional Knowledge: Draft Articles

The document submitted to the General Assembly in October 2012 represents the results at the conclusion of the Intergovernmental Committee’s 21st session in April 2012. Those facilitating the drafting produced a document which merged options where possible, and explicitly identify elements of convergence and divergence. The main policy issues, which one might consider would be the focus for resolution during the 2013 work program, were represented by the identified elements of divergence.

Even so, the draft articles still provide the framework of protection to be afforded to traditional knowledge. The key elements that have been identified comprise:

1. The need to satisfy the meaning of traditional knowledge and its scope.
2. The identification of the beneficiaries.
3. The scope of protection encompassing elements of confidentiality and moral rights in the protection against misappropriation and misuse.
4. The nature of sanctions and remedies not too dissimilar to those used in intellectual property law.
5. The need for disclosure in the patent and plant variety rights regimes.
6. The establishment of an administrative body or competent authority to manage the data, or the rights conferred or the enforcement, dispute resolution and national treatment.
7. The creation of databases.
8. Accommodating trans-boundary co-operations where knowledge and biodiversity extend across artificial borders.

Of these issues, the work program for 2013 has identified four areas of particular focus, namely, the articles dealing with Subject Matter of Protection, Beneficiaries, Scope of Protection and Limitation and Exceptions. One of the crucial issues to consider is the definition of the subject matter of protection, namely, traditional knowledge. The convergent text in Article 1 attempts to provide a generalisation that could be all encompassing.

III For the purposes of this instrument, “traditional knowledge” [refers to] includes know-how, skills, innovations, practices, teachings and learnings [developed within a traditional context][developed with an indigenous people or local community][and that is intergenerational][and that is passed on from generation to generation].

Being drafted as an inclusive definition permits a wide interpretation that need not require the identification of every type of traditional knowledge. However, the divergent text represents the views of delegates who require a more prescriptive definition despite the claim to the contrary.

Optional Additions to the Facilitators’ Text

(a) [is knowledge that is dynamic and evolving and]
(b) [resulting from intellectual activity]
(c) [and which may be associated with agricultural, environmental, healthcare and medical knowledge, biodiversity, traditional lifestyles and natural and genetic resources, and knowhow of traditional architecture and construction technologies]
(d) [and which may subsist in codified, oral or other forms]
(e) [traditional knowledge is part of the collective, ancestral, territorial, cultural, intellectual and material heritage of [indigenous peoples and local communities] beneficiaries as defined in Article 2.]
It must be noted that these six separate elements do provide a better understanding of what might be encompassed by the concept of traditional knowledge. Further, an alternative definition has also been provided:

For the purposes of this instrument, traditional knowledge includes [collectively] generated and preserved from generation to generation or intergenerational know-how, skills, innovations, practices, teachings. [They exist or develop inter alia by indigenous or local communities.]

The issue with such a definition is the reference to "collectively generated". While "ownership" of the knowledge may well be collective, it is not necessary that the generation of the knowledge be collective and so such a definition might exclude knowledge generated by a particular member of the community even though it is being generated for the benefit of the community.

The identification of traditional knowledge that is to receive protection under the draft articles is further limited by reference to the beneficiaries identified in Article 2. In the convergent text offered by the Facilitators' Option:

1.2 Protection extends to traditional knowledge that is associated with beneficiaries as defined in Article 2, [collectively] generated, shared/transmitted and preserved [and [integral]/[closely linked]] to the cultural identity of beneficiaries as defined in Article 2.

Once again, the divergent text provides a more detailed list to add to the general statement found above. It is more prescriptive and more limiting in scope.

(a) [the unique product of or is distinctively associated to the beneficiaries or
(b) [integral]/[linked] identified/associated with [to] the cultural identity of beneficiaries
(c) [not widely known or used outside the community of the beneficiaries as defined in Article 2, [for a reasonable period of time]
(d) [not in the public domain]
(e) [not protected by an intellectual property right]
(f) [not the application of principles, rules, skills, know-how, practices, and learning normally and generally well-known]

The proposed requirement of not being in the public domain introduces an intellectual property concept into a field that does not really fit into such regimes. To then require that the knowledge is "not protected by an intellectual property right" sends a confused message. Surely it is up to the beneficiaries to identify what is their traditional knowledge? What these draft provisions are trying to do is to exclude from protection knowledge that would have become generally known. This does not really accord with the way some countries have treated the traditional knowledge of their Indigenous or local communities. Take, for example, India's Traditional Knowledge Digital Library: the majority of the information stored is arguably in the public domain, does that make the knowledge less deserving of protection? Clearly, decisions need to be made about the breadth of what is meant by traditional knowledge.

As for the identification of the beneficiaries to receive protection, draft Article 2 provides under the convergent text:

Beneficiaries of protection of traditional knowledge, as defined in Article 1, are Indigenous peoples and communities.

There is no definition of either Indigenous peoples and communities or local peoples. Does this mean that such terms are self-evident? The United Nations has not adopted an actual definition of "Indigenous peoples". The approach taken in the United Nations Declaration on the Rights of Indigenous Peoples provides in Article 33 that this is a matter of self-identification as opposed to definition:

1. Indigenous peoples have the right to determine their own identity or membership in accordance with their customs and traditions. This does not impair the right of indigenous
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individuals to obtain citizenship of the States in which they live.

2. Indigenous peoples have the right to determine the structures and to select the membership of their institutions in accordance with their own procedures.

The UNPFII has reported “that there are more than 370 million Indigenous people spread across 70 countries worldwide” and that while there is no official definition, there are factors that provide a ‘modern understanding’ of the term. Those factors have their origin in the working definition that has been produced by Jose R. Martinez Cobo in his Study on the Problem of Discrimination against Indigenous Populations. That working definition is reproduced below.

**Working Definition of Indigenous Peoples by Jose R. Martinez Cobo**

Indigenous communities, peoples and nations are those which, having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of the societies now prevailing on those territories, or parts of them. They form as present non-dominant sectors of society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions and legal system.

This historical continuity may consist of the continuation, for an extended period reaching into the present of one or more of the following factors:

- Occupation of ancestral lands, or at least of part of them.
- Common ancestry with the original occupants of these lands.
- Culture in general, or in specific manifestations (such as religion, living under a tribal system, membership of an indigenous community, dress, means of livelihood, lifestyle, etc.).
- Language (whether used as the only language, as mother-tongue, as the habitual means of communication at home or in the family, or as the main, preferred, habitual, general or normal language).
- Residence in certain parts of the country, or in certain regions of the world.
- Other relevant factors.

On an individual basis, an Indigenous person is one who belongs to these Indigenous populations through self-identification as Indigenous (group consciousness) and is recognized and accepted by these populations as one of its members (acceptance by the group). This preserves for these communities the sovereign right and power to decide who belongs to them, without external interference.

What of those nations that have freed themselves of their colonial past? Can one make a distinction between the citizens of African nations or Asian nations for instance? For example, the concept of indigeneity is problematic for India with the term “tribal” or “local” peoples being preferable, and hence the utility of adding the term ‘local communities’ to the definition of beneficiaries in draft Article 2. It is therefore understandable why the divergent text added the following categories to clarify the nature of the beneficiaries identified in draft Article 2:

(a) [traditional communities].
(b) [families].
(c) [nations].
(d) [individuals within the categories listed above].
(e) [and, where traditional knowledge is not specifically attributable or confined to an Indigenous people or local community, or it is not possible to identify the community that generated it, any national entity that may be determined by national law][and/or any national entity that may be determined by national law].
(f) [who develop, use, hold and maintain traditional knowledge].
(g) even when traditional knowledge is held by [individuals] within the categories.

However, the alternative draft text proposes to circumvent the need for such elaboration by leaving it up to each nation to specify categories additional to Indigenous peoples or communities and local communities. While this may lead to inconsistencies internationally, it would permit the particular characteristics of the relevant nation to
be taken into account and therefore have a more meaningful outcome that should avoid potential future conflict.

The next provision to be addressed is draft Article 3, the scope of protection. Here two options have been provided, each taking a different perspective. In relation to the first option for paragraph 3.1, an intellectual property perspective is taken with confidentiality rules being applied to secret traditional knowledge while more of a moral rights protection is applied to non-secret traditional knowledge knowingly used outside the traditional context. As can be seen below, this creates two levels of protection depending on whether the knowledge is secret or not – one which requires prior consent and the other which does not provided certain standards are met.

Option 1

3.1 [Member States]/[Contracting Parties] should provide adequate and effective legal, policy or administrative measures [should be provided], as appropriate and in accordance with national law, to:

(a) prevent the unauthorized disclosure, use or other exploitation of [secret] [protected] traditional knowledge;

(b) where [protected] traditional knowledge is knowingly used outside the traditional context:

(i) acknowledge the source of traditional knowledge and attribute its holders/owners where known unless they decide otherwise;

(ii) encourage use of traditional knowledge in a manner that does not disrespect the cultural norms and practices of its holders/owners;

(iii) encourage [ensure, where the traditional knowledge] [is secret]/[is not widely known] traditional knowledge holders and users to establish mutually agreed terms with prior informed consent addressing approval requirements and the sharing of benefits [arising from the commercial use of that traditional knowledge] in compliance with the right of local communities to decide to grant access to that knowledge or not.

While option one requires the nation to provide "adequate and effective legal, policy or administrative measures", the second option requires national laws to confer rights/power on the Beneficiaries to control, use, maintain, protect and preserve their traditional knowledge. This includes the ability to authorise or deny access, the right to fair and equitable sharing of benefits on mutually agreed terms, the right to prevent misappropriation and misuse, the right to prevent use without acknowledgement and attribution, the right to "ensure that the use of the traditional knowledge respects the cultural norms and practices of the holders/owners", and the mandatory disclosure of identity of knowledge holders and country of origin when the knowledge is used to obtain intellectual property registrations such as patents and plant breeder’s rights.20 Option 2 does not create two classes of protection but rather tends to follow the principles espoused in the Convention on Biological Diversity and the United Nations Declaration of the Right of Indigenous Peoples.

Draft paragraph 3.2 goes on to deal with the meaning of the term “utilisation” and effectively adopts meanings consistent with patent concepts. The utilisation that accords with the traditional knowledge comprising a product or process is envisaged including "when traditional knowledge is used for research and development leading to profitmaking or commercial purposes".

The scope of protection and associated sanctions are further elaborated in draft Article 3bis. Specifically, access and use of traditional knowledge requires prior informed consent and use in accordance with terms provided by the beneficiary, including benefit sharing (Article 3bis.1). Obligations are placed on users to acknowledge the source of the knowledge as required by the beneficiary and ensure due respect is given to the culture and practices of the beneficiary (Article 3bis.2). The nation of the beneficiary is to provide adequate measures for enforcement (Article 3bis.4) including the ability for injunctions and compensation when traditional knowledge access or use infringes the beneficiary’s rights (Article 3bis.3). A limitation already identified in this draft article recognises the importance that protection should not impact independent invention or prevent the generation, sharing, preservation, transmission and customary use of traditional knowledge by beneficiaries in a traditional and customary context (Article 3bis.5).
Draft Article 4 continues on the element of sanctions and remedies including the exercise of rights to ensure application of the instrument. The text provides an obligation on the nation to adopt appropriate legal policy or administrative measure to effect the instrument and then provides several optional provisions elaborating on those measures. The language here is similar to what one might find in the TRIPs agreement regarding enforcement – for example, both civil and criminal, border control, and dispute resolution. In addition, a dispute resolution mechanism for disputes between beneficiaries at national, regional, or international levels is suggested. Further, draft Article 4bis provides for a disclosure requirement in line with negotiations regarding genetic resources subject matter. The expectation is that the patent legislation and plant breeder’s rights legislation should be amended accordingly. Applicants under these regimes would be required to disclose from where they obtained the traditional knowledge used in their invention including whether prior informed consent for access and use was obtained otherwise there is a risk of not obtaining registration. However, what has not been clearly stipulated is what the consequences are for non-compliance, if at the time of application the authorities were unaware there was an issue.

Draft Article 5 deals with administration. The convergent text appears to favour the establishment of a competent authority with free, prior informed consent from, and/or in consultation with, the traditional knowledge holders or beneficiaries. It has been suggested that such an authority’s identity should be communicated to the Secretariat of the WIPO and, in turn, should comprise authorities originating from Indigenous peoples. The alternative administration offered is to place obligations on researchers and others to seek prior informed consent on mutually agreed terms but perhaps have the nation establish a database collecting information about such arrangements. It seems to the authors that this arrangement still requires some form of competent authority to be in place. Meanwhile, draft Article 5bis considers the application of collective rights and proposes a competent authority be established for this purpose.

Draft Article 6, Exceptions and Limitations, is another provision of interest in the 2013 work plan. The key exception considers “measures for the protection of traditional knowledge should not restrict the generation, customary use, transmission, exchange and development of traditional knowledge by the beneficiaries, within and among communities in the traditional and customary context” [paragraph 6.1]. Meanwhile, in relation to all other limitations or exceptions, the text imports intellectual property type concepts such as copyright’s fair use or fair dealing, independent development, and public domain exceptions subject to a moral rights style of protection. There is even a suggestion of a patent style compulsory licence in times of epidemics (for example, alternative paragraph 6.4). However, it is suggested that limitations and exceptions do not apply in relation to secret traditional knowledge (for example, paragraph 6.4).

The duration of protection is another issue of concern with two very different options proposed in draft Article 7:

Article 7 – Duration

Option 1

[Member States]/[Contracting Parties] may determine the appropriate term of protection of traditional knowledge [which may] [should]/[shall] last as long as the traditional knowledge fulfills/satisfies the criteria of eligibility for protection according to Article 1.

Optional additions to Option 1

(a) traditional knowledge is transmitted from generation to generation and thus is imprescriptible
(b) the protection [should]/[shall] applied and last for the life of indigenous peoples and local communities
(c) the protection [should]/[shall] remain while the immaterial cultural heritage is not accessible to the public domain
(d) the protection of secret, spiritual and sacred traditional knowledge [should]/[shall] last forever
(e) the protection against biopiracy or any other infringement carried out with the intention of destroying wholly or partially the memory, the history and the image of indigenous peoples and communities.

Option 2

Duration of protection of traditional knowledge varies based upon the characteristics and value of traditional knowledge.
Clearly more work is required here to achieve some level of consensus. Further, a similar dilemma appears to apply in relation to draft Article 8 on the need for formalities with a preference being expressed against such a need. Meanwhile, alternative options recognise that in the interests of transparency, certainty and conservation of traditional knowledge, some level of formality may be required such as through the maintenance of registers of records of traditional knowledge by national/regional authorities.

As for implementation of this regime for the protection of traditional knowledge, the draft text recognises the need for: transitional measures to deal with actions that occur prior to but continue after this instrument comes into force [draft Article 9]; consistency with the general legal framework, for example the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity [draft Article 10]; national treatment along the lines of other intellectual property regimes, that is providing foreign beneficiaries the same rights as the beneficiaries who are nationals in the country of protection [draft Article 11]; and trans-boundary co-operation designed to encourage co-operation between member states [draft Article 12]. Such co-operation recognises that knowledge is not restrained by artificial borders. However, it also makes plain the need for codification of the information to facilitate access and benefit sharing. Databases once again become important to create, maintain and share information, for example, between intellectual property offices and other authorities.

Conclusion

Many critics argue that it has taken too long to establish workable models for the protection of traditional knowledge and cultural expression, but given the progress made in 2012, the authors believe that we are finally on the road to substantive texts that will provide sufficient protection for Indigenous peoples and local communities. If there is the continued good will and spirit of cooperation in the Intergovernmental Committee, then the Traditional Cultural Expressions text, the Traditional Knowledge text and the Genetic Resources text may be finalised within the next few years.

These next few years will be crucial and hopefully can produce an instrument or instruments that will afford better protection for Indigenous knowledge and culture internationally. These are exciting times for Indigenous peoples and we shall await a robust suite of instruments that gives the appropriate protection to Indigenous knowledge and culture internationally.

1. Article 8(j) CBD: “Each Contracting Party shall, as far as possible and as appropriate:… (j) Subject to its national legislation, respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity and promote their wider application with the approval and involvement of the holders of such knowledge, innovations and practices and encourage the equitable sharing of the benefits arising from the utilization of such knowledge, innovations and practices”.

2. Article 10(c) CBD: “Each Contracting Party shall, as far as possible and as appropriate:… (c) Protect and encourage customary use of biological resources in accordance with traditional cultural practices that are compatible with conservation or sustainable use requirements”.

3. Article 18(4) CBD: “The Contracting Parties shall, in accordance with national legislation and policies, encourage and develop methods of cooperation for the development and use of technologies, including indigenous and traditional technologies, in pursuance of the objectives of this Convention. For this purpose, the Contracting Parties shall also promote cooperation in the training of personnel and exchange of experts”.

4. Article 8(j) CBD.

5. Article 10(c) CBD.

6. Article 18(4) CBD.


The World Intellectual Property Organisation (WIPO) and the Intergovernmental Committee: Developments on Traditional Knowledge and Cultural Expressions


17 Extract provided at http://indigenouspeoples.nl/indigenous-peoples/definition-indigenous.

18 For example, rather than referring to Indigenous communities, the Constitution of India, at s.371 and Schedule 6, provides that tribal communities are able to have separate Autonomous Council for self-governance in accordance with their customary laws. Further, in other parts of India the central government has the power under Schedule 5 of the Constitution to create scheduled areas to protect tribal interests. Outside of these areas tribes are subject to the laws of India.

19 Alternative draft Article 2: Beneficiaries of protection of traditional knowledge, as defined in Article 1, are indigenous peoples and communities and local communities and similar categories as defined by national law.

20 Option 2:

"3.1 Beneficiaries, as defined in Article 2, [should][shall], [according to national law], have the following [exclusive] [collective] rights:

(a) [enjoy], control, utilize, maintain, develop, preserve and [protect] their traditional knowledge;

(b) authorize or deny the access to and use of their traditional knowledge;

(c) have a fair and equitable share of benefits arising from the [commercial] use of their traditional knowledge based on mutually agreed terms;

(d) prevent misappropriation and misuse, including any acquisition, appropriation, utilization or practice of their traditional knowledge without [their prior informed consent and] the establishment of mutually agreed terms;

(e) prevent the use of traditional knowledge without acknowledgment and attribution of the [source and] origin of their traditional knowledge and its holders/owners, where known;

(f) ensure that the use of the traditional knowledge respects the cultural norms and practices of the holders/owners; and

(g) [require [in the application for intellectual property rights involving the use of their traditional knowledge] the mandatory disclosure of the identity of the traditional knowledge holders and the country of origin, as well as evidence of compliance with prior informed consent and benefit sharing requirements, in accordance with the national law or requirements of the country of origin in the procedure for the granting of intellectual property rights involving the use of their traditional knowledge]."
The branding image of cigarettes conveys a message about the social style and character of the consumer, an effect akin to those of designer clothing, cars and accessories. It is well-known that, regardless of the industry, consumers form “brand loyalty” and often this is founded on the experience of themselves, the influence of their peers and the perceived “association” with the product.

Supporters of the proposal for plain packaging suggest that, in the absence of branding images, cigarettes will lose their appeal to consumers.

Some studies have shown that smokers are unable to detect the difference between cigarette brands when blind-tested and some evidence exists, particularly amongst younger smokers, that their choice of brand is influenced by the psychological factors produced by the branding. A survey of Australian smokers revealed that smokers of plain cigarette packs were considered less social, mature and sophisticated than those who smoked branded cigarettes and that the plain-packaged cigarettes themselves were considered less appealing and of lower quality than branded cigarettes.

The statistics relating to the impact of tobacco smoking on health are bleak. Tobacco smoking is the leading cause of preventable disease in Australia. It is estimated that 15,000 deaths every year in Australia are attributed to tobacco smoking and between the years 1950 and 2000 more than 697,000 Australians died from tobacco-related illnesses. Tobacco consumption is the greatest single risk factor to disease burden in Australia, accounting for 7.8% of the total disease burden (including sickness, disability and death). Twenty percent of all cancers and 70% of all lung cancers are attributed to smoking and 50% of long-term smokers will die prematurely from tobacco-attributable deaths. It is not surprising then that the National Preventative Health Taskforce (NPHT) has identified preventing tobacco smoking as a key means to improving the health of Australians.

The Tobacco Plain Packaging Act 2011 (Cth) received Royal Assent on 1 December 2011 (referred to in this article as the “Plain Packaging Act”).
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The Plain Packaging Act or the “new legislation”). The Tobacco Plain Packaging Regulations 2011 (Cth), applying to cigarettes, were made on 7 November 2011 and the Tobacco Plain Packaging Amendment Regulations 2012 (Cth), which expand the application of the earlier regulations to non-cigarette tobacco products, were made on 8 March 2012. The new legislation mandates that from December 2012 tobacco products in Australia will be sold in drab olive green18 packaging without the display of any trade marks, logos, brand imagery, colours, promotional text or other identifying elements. The only permitted identifying mark is the brand name (word mark) which must be displayed in a “block letter” mandated size, font and place on the pack. This is designed to maintain the “generic” packaging for all tobacco products.19

The intention of the Plain Packaging Act is to improve public health by reducing the appeal of smoking to consumers; enhancing the health warning statements that appear on the packaging and preventing tobacco companies from misleading consumers about the harmful effects of smoking.20 In passing the new legislation, the Australian Government (the Government) is also attempting to give effect to its obligations under the World Health Organisation Framework Convention on Tobacco Control (FCTC).21 The FCTC recommends that member countries consider introducing plain packaging and implement:22

- Comprehensive national strategies and legislation to prevent and reduce tobacco consumption, nicotine addiction and exposure to tobacco smoke (Article 5).
- Effective measures to ensure that tobacco packaging does not promote a tobacco product by any means that are false or likely to create confusion about its characteristics (Article 11).
- Comprehensive bans on tobacco advertising, promotion and sponsorship (Article 13).

In addition to the health impact, tobacco smoking has a significant economic impact on society. The Government receives significant revenue from excise on locally manufactured cigarettes, customs duties on imported cigarettes and Goods and Services Tax (GST) on the sale of cigarettes. In 2009-2010, the total revenue amounted to $7.5 billion.23 However, the estimated cost to society, measured in terms of primary healthcare and hospital costs, lost productivity and intangible social costs is significantly more. In 2004-2005, these costs amounted to $31.5 billion.24 The Government bore about 8% of these costs with the remainder being borne by households and businesses.25

Plain packaging concerns billions of dollars, both to the Government in terms of revenue and to the tobacco companies in terms of the value of the branding image of the associated trade marks. It is estimated that the Marlboro red chevron device is worth $US27 billion making it the tenth most valuable (all product) brand in the world.26 It is unsurprising then that tobacco companies have vehemently opposed the introduction of the new legislation which has potential international consequences.27

In a swift move, evidencing how willing tobacco companies are to defend their rights, in April 2012 BAT, Imperial Tobacco and Japan Tobacco International (JTI) issued proceedings in Australia’s High Court contesting the new legislation. The claim alleged that the Government’s action constituted an “acquisition of property” of the trade marks under s.51(xxxi) of the Australian Constitution which permits acquisitions only “on just terms”.28 The companies argued that some or all of the provisions of the new legislation were invalid because they were an acquisition of property otherwise than “on just terms”. The High Court rejected the tobacco companies’ argument finding that, although the Plain Packaging Act did regulate the parties’ intellectual property rights and imposed controls on the packaging and presentation of tobacco products, it did not confer a proprietary benefit or interest on the Commonwealth or any other party and so was not an acquisition of property under s.51(xxxi).29

Hong Kong-based Philip Morris Asia, owner of Philip Morris Ltd, has also taken action following the passing of the new legislation. It lodged a notice of arbitration against Australia under the 1993 Bilateral Investment Treaty (BIT) between Australia and Hong Kong. The BIT requires the two governments to protect investors from both countries and to provide compensation for investors of either contracting party if their property is seized. Philip Morris argues that the new legislation:

- Fails to protect, secure and treat in a fair and equitable manner its investments in Australia.
- Unreasonably impairs its investments in Australia.

50
• Expropriates its investments and intellectual property, without compensation, by relegating its branded products into commoditised items.  

• Is in violation of various international treaties including the Trade-Related Aspects of International Property Rights Agreement 1994 (TRIPS Agreement), the Paris Convention for the Protection of Industrial Property 1983 (Paris Convention) and the World Trade Organisation’s (WTO) Agreement on Technical Barriers to Trade (TBT).

The arbitration process is in its early stages and could take many years to resolve.

It is not only tobacco companies that have raised their concerns about the validity of the new legislation and challenged its validity. Both the Institute of Patent and Trade Mark Attorneys of Australia (IPTA) and the International Trade Mark Association (INTA) have raised their concerns about plain packaging. In both IPTA and INTA’s view, the new legislation creates a “two-tier” trade mark system under the Australian Trade Marks Act 1995 (Cth) (Trade Marks Act) which generates inconsistency within the Australian trade mark system and also breaches Australia’s international obligations under the Paris Convention and the TRIPs Agreement.

The arguments concerning the validity of the new legislation are numerous and complex. This article focuses on two questions: (1) whether the Plain Packaging Act creates a two-tier trade mark system under the Trade Marks Act; and (2) whether the Plain Packaging Act is consistent with Australia’s obligations under international intellectual property treaties.

Will the Plain Packaging Act Create a Two-tier Trade Mark System?

The Trade Marks Act

A trade mark is a sign that is “used or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person”. A registered trade mark is considered personal property which the owner has the right to:

• Use or authorise others to use in relation to the goods and/or services in respect of which the trade mark is registered.

• Deal with as the absolute owner.

• Give, in good faith, discharges for any consideration for that dealing.

Use of a trade mark is an inherent requirement for obtaining and maintaining registration under the Trade Marks Act. Section 27 of the Trade Marks Act emphasises the importance of use of a trade mark for obtaining registration. It states that an applicant must be able to demonstrate that they:

(a) Are using or intending to use the trade mark;

(b) Are authorising or intending to authorise another party to use the trade mark; or

(c) Intend to assign the trade mark to a body corporate that is soon to be constituted and that body corporate will use the trade mark.

If the applicant cannot satisfy one of these criteria then their application for registration will fail.

The extent of use of the trade mark by an applicant or its predecessor in title prior to the filing date is examined during the registration process to determine whether the trade mark does in fact distinguish the applicant’s goods or services from others. Where a trade mark is not prima facie distinguishable, if the applicant can produce evidence that the mark has been used to an extent that it does make the applicant’s goods or services distinguishable then the mark will be accepted.

An application to oppose or remove a trade mark from the register can be made on the grounds that the mark has not been used or there is no intention to use it.

Accordingly, the Trade Marks Act confers a positive right on the trade mark owner to use, or authorise another to use, their registered trade mark. It also heavily emphasises the importance of use of the trade mark in the registration process.

The Plain Packaging Act

Section 28(1) of the Plain Packaging Act affects the operation of the Trade Marks Act and the Trade Mark Regulations 1995 (Cth) (Trade Mark Regulations), specifically those provisions regarding non-use of the trade mark. Section 28 provides that, for the purpose of registration for tobacco product related trade marks, the applicant is taken to have:

(a) Used the trade mark in Australia;

(b) Authorised another to use the trade mark in Australia; or
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(c) Assigned the trade mark to a body corporate in Australia with the view to that body corporate using the trade mark;
if the applicant would intend to do so but for the operation of the new legislation.
Sub-section (2) states that the deemed “use” of the trade mark does not contravene s.42(b) of the Trade Marks Act.40

Sub-section (3) then goes on to dictate that the new legislation’s prevention of the use of tobacco related trade marks does not serve as reasonable or appropriate grounds to:

(a) Not register the trade mark;
(b) Revoke the acceptance of a trade mark application;
(c) Register the trade mark subject to limitations or conditions; or
(d) Revoke the trade mark registration.

Sub-section (4) concerns trade mark opposition cases brought on the grounds of non-use under the Trade Marks Act.41 The sub-section provides that an opponent in an opposition case will be taken to have rebutted the allegation of non-use if they can establish that they would have used the trade mark but for the operation of the new legislation.

The Trade Marks Amendment (Tobacco Plain Packaging) Act 2011

The Trade Marks Amendment (Tobacco Plain Packaging) Act 2011 (Cth) was introduced to remedy any “unintended interaction” between the Plain Packaging Act and the Trade Marks Act.42 It inserts the new s.231A in the Trade Marks Act allowing regulations to be made in relation to the effect of the operation of the Plain Packaging Act and its subordinate regulations. Regulations made under s.231A prevail over provisions in the Trade Marks Act to the extent of any inconsistency. They are limited to the impact of the Plain Packaging Act and cannot affect the operation of the Trade Marks Act in relation to goods or services not governed by the Plain Packaging Act.

The New Legislation’s Effect on Trade Mark Owners’ Rights

Prior to the passing of the new legislation, concerns were raised by IPTA and INTA that the Plain Packaging Act would create a two-tier trade mark registration system due to its effect on both the use and registration requirements under the Trade Marks Act and also on some statutory definitions which are inherent to the functioning of Australian trade mark law.

The New Legislation’s Effect on Registration, the Trade Mark Owner’s Right to Use the Mark and their Intention to Use the Mark and the Resulting Position in Non-use Opposition or Removal Actions

Under Australian trade mark law, the applicant’s use and intention to use the mark is important throughout the process of registering and maintaining a mark:

(a) An application for registration can be rejected if the mark is not capable of distinguishing the goods or services, taking into account any use or intended use of the mark.43
(b) An application may be successfully opposed if a party can satisfy the Registrar that the registrant does not intend to use the mark.44
(c) The registration can be revoked if non-use or lack of intention to use the mark is established.45

Section 28 of the Plain Packaging Act is designed to preserve a trade mark owner’s ability to protect, register and maintain registration of a trade mark irrespective of its impact on the Trade Marks Act and the Trade Mark Regulations. Although s.28 is designed to overcome the prohibition on use, in practice it presents other difficulties. In the case of tobacco trade marks, as the new legislation prevents the applicant from using the marks, the applicant receives the benefit of registration without having to establish that the mark has the capacity to distinguish the applicant’s goods or services from another. The applicant only needs to show that there is an intention to use the mark which may be satisfied merely by filing the application as the Trade Marks Act confers a presumption of registrability. That is, if there is any doubt about the registrability of the trade mark the Registrar is required to resolve the matter in the applicant’s favour.46 Tobacco block-letter word marks will also receive registration but can be used only in the prescribed size and font. However, non-tobacco trade marks will still be required to satisfy all threshold tests under the Trade Marks Act in order to receive registration.

Where a party does not use or intend to use their trade mark, an opposition action can be brought and will be successful if the opposing party can prove the lack of use or intention to use by the party seeking registration. The prohibition on the
manufacturer, use and sell products. Under these definitions, the right to license other parties to use the trade mark would constitute an investment. An amendment would need to either provide a separate set of definitions to cover tobacco trade marks or a uniform definition to encompass all trade marks. It is difficult to imagine how a uniform definition would adequately encompass all trade marks. It is more likely that a separate set of definitions will have to be created for tobacco trade marks affected by the Plain Packaging Act. Any definition would need to conform to Australia’s obligations under international conventions. It is questionable whether this is even possible given that the purpose of these conventions is to mandate a uniform standard for intellectual property rights.

Unregistered Trade Marks, “Get up”, Confusion and Passing off and the Rise of Counterfeit Products
Australian trade mark law comprises both registered and unregistered trade marks and other elements that form the “get up” (also referred to as “trade dress”) of a product. This includes the colour, shape and design of the package. Trade marks and “get up” play an important function in enabling consumers to purchase their product of choice and a significant role in free trade and competition. These elements are also not permitted to be used under the new legislation in order to create a standardised appearance for all tobacco products. This intentionally limits the ability for customers to identify their product of choice, increases the ability for goods to be passed off as the goods of another company and increases the likelihood of customer confusion.

There are also concerns that the introduction of plain packaging will encourage counterfeiting of tobacco products due to generic packaging being easier and cheaper to copy, reducing the trade mark owners’ ability to take action for trade mark infringement against counterfeiters and increasing the burden on enforcement agencies. The number of cigarettes cleared through excise and customs in 2004-05 and 2007-08 was estimated between 22 and 23 billion sticks respectively. In 2007, it was reported that cigarettes are one of the two main sectors for counterfeit goods comprising nearly 35% of all seized articles, 16% of all cigarettes and the revenue raised from these counterfeit products...
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was estimated at more than $1 billion. Given these figures, the concern over counterfeiting is very legitimate. Although tobacco companies will be able to mark their packages with anti-counterfeiting elements this may not stem the anticipated increase of counterfeit tobacco products and it is foreseeable that young smokers may be drawn to counterfeit products as they are often sold at discounted prices to the genuine product.

Two-tier or not Two-tier? – That is the Question

The Plain Packaging Act is inconsistent with the inherent requirement of the Trade Marks Act for registration to only extend to trade marks that have been, or are to be, used or intended to be used. The use exceptions provided to tobacco trade marks under the Plain Packaging Act mean that tobacco trade marks will not meet the threshold requirements for registration prescribed by s.27(1); the statutory definition of a trade mark under s.17 or the use requirements under s.41 of the Trade Marks Act. These trade marks will then be in the unique position of being resolute in opposition proceedings by virtue of the inability to use the mark.

The Plain Packaging Act also intentionally strips a tobacco trade mark of its essential functions to distinguish goods or services from those belonging to others and to convey messages. It also leaves trade mark owners devoid of positive rights which they are granted under the Trade Marks Act including the right to use their mark and authorise others to use the mark. Unregistered trade marks and features forming the “get up” of the packaging are also prohibited from use. The economic ramifications of the loss of these rights, coupled with the costs associated with fighting increased amounts of counterfeit products, is potentially enormous. All of these factors serve as a disincentive to tobacco trade mark owners to register their marks as it is certain that, after incurring the costs associated with registration, the owner, their licensees and other authorised users will not be able to use the mark.

Not only is the Plain Packaging Act inconsistent with current Australian trade mark law, it creates a two-tier trade mark system between tobacco- and non-tobacco trade marks both in terms of registration requirements and the permitted usage rights conferred to the owner. This differential treatment within the trade mark system and its compliance with Australia’s obligations under intellectual property treaties are discussed below.

The Plain Packaging Act’s Compliance with International Intellectual Property Conventions

Proponents for the Plain Packaging Act such as the Cancer Council argue that the provisions of international treaties including TRIPs, the Paris Convention and the Northern American Free Trade Agreement 1994 support the introduction of plain packaging for the purpose of protecting public health. In support of this position, the Cancer Council refers to cases such as the European Court of Justice (ECJ) case, R v Secretary of State for Health ex parte British American Tobacco (Investments) Ltd [2002] EWHC (QB) 491, where it was held that large sized health warnings on tobacco packaging did not infringe BAT’s intellectual property rights by disrupting the ability to place trade marks on the packaging. The counter-argument is that plain packaging is contradictory to Australia’s obligations under these international treaties. At least two published reports advise that plain packaging for tobacco products contravene the TRIPs Agreement. The first of these reports was prepared for Philip Morris by a Swiss law firm, Lalive (the Lalive Report) and the other was prepared in 2010 by Professor Daniel Gervais, an intellectual property academic, for JTI (the Gervais Report).

The TRIPs Agreement

The WTO agreements include, inter alia, the General Agreement on Tariffs and Trade (GATT) and the General Agreement on Trade in Services (GATS). The GATT existed from 1947 to 1994, when it was replaced by the WTO, and sought to reduce barriers for international trade. The Uruguay Round, which lasted from 1986 to 1993, attempted to address new areas including intellectual property. The TRIPs Agreement, which is now administered by WTO, was negotiated at the end of the Uruguay Round of the GATT in 1994, coming into effect in 1995. The participating Member States of TRIPs are required to meet certain requirements for intellectual property laws, including trade marks. The intention of both of these agreements was (and remains with respect to TRIPs) to provide a minimum uniform status of intellectual property rights. Although TRIPs mandates minimum standards for intellectual property protection, it also contains provisions that allow a degree of flexibility and sufficient room for countries to accommodate their own intellectual property regimes to suit their individual requirements in formulating their national legislation. Australia, as a participating member of TRIPs, is required by Article 2.1
to comply with the Paris Convention, which is administered by the World Intellectual Property Organisation (WIPO) and applies specifically to trade marks and patents. If the Plain Packaging Act is inconsistent with the TRIPS Agreement, trade mark owners can invoke the dispute settlement procedures set out by the WTO in Article 64.1.

The provisions of TRIPs that are of notable concern when considering plain packaging are Articles 15(4), 17, 20 and 8.

Article 15(4) – The Nature of the Goods or Services Forming Obstacles to Registration

Article 15(4) prohibits the nature of the goods or services, to which the trade mark is applied, acting as an obstacle to obtaining registration of the trade mark. Article 7 of the Paris Convention is similar to Article 15(4) but it relates to goods only. The word "obstacle" is not defined and can be a direct or indirect obstacle.66 Although the Plain Packaging Act does create an obstacle to using the registered trade marks (with the exception of block letter word marks) on tobacco products it will only be in breach of Article 15(4) if it creates an obstacle to obtaining registration.

The Cancer Council and the NPHT recommend eliminating advertising and promotion, which includes the display of trade marks because of the nature of tobacco products. The Cancer Council states that "the dangers of tobacco smoking justify restrictions on its distribution and sale as well as the elimination of tobacco advertising and promotion".67 This view is echoed by the NPHT, which stated in its 2009 report that "there can be no justification for allowing any form of promotion for this uniquely dangerous and addictive product which it is illegal to sell to children, including packaging".68 The aims and objectives of these bodies in trying to improve public health are admirable and their statements are understandable in this context. However, they are also examples of personal views towards a product interfering with the competing intellectual property rights of a party. This discrimination towards trade mark use is clearly based on the nature of the goods on which the trade marks are applied. The wording of Article 15(4) is absolute and it is this type of discrimination which, if it affects trade mark registration, is specifically prohibited.

Section 28 of the Plain Packaging Act permits registration of the mark despite the prohibitions on use. The obstacles it creates include marketing restrictions and the loss of many of the trade mark owner’s rights severely limiting the benefits of obtaining registration. One interpretation is that the new legislation does not comply with TRIPs Article 15(4) and the Paris Convention Article 7 because of the indirect obstacles to registration that it creates. It has been argued that this reasoning incorrectly links the concepts of registration and use and that these concepts should be treated as separate and autonomous.69 However, it is evident that the concepts of registration and use are heavily linked under the Trade Marks Act and several articles of TRIPs advocate the relevance of use in trade mark registration and trade mark rights generally. For instance, Articles 15(1) and (3) provide that member countries may make registrability dependent on use, particularly where the mark is not capable of distinguishing the goods or services, and Article 19.1 which attempts to limit the grounds for cancellation of trade marks where use is required to maintain registration.

The counter-interpretation of Article 15(4) is that it is intended to permit registration of a trade mark even if it cannot be applied to a product on security or safety grounds. An example is pharmaceutical products, which cannot be sold until they have received relevant approvals. The safety and security grounds are to ensure that the products are suitable for consumption. The application of the trade mark to the product is delayed until the product is ready for market but the registration process for the trade mark can proceed.66 On this basis, it is argued that Article 15(4) accommodates the provisions of the Plain Packaging Act as the trade mark registration can proceed despite the application to the product being restricted in some manner. On this interpretation, which has been endorsed by a former Director-General of WIPO,61 the Plain Packaging Act is discriminatory but not in contravention of Article 15(4).62 However, this interpretation does not draw a distinction between the situations of:

(1) Allowing the trade mark registration to proceed, but denying the application to a pharmaceutical product, whilst that product is undergoing health approvals for safety reasons prior to its release on to the market.

(2) Allowing the registration, but not the use, of a trade mark on a tested, quality controlled tobacco product purely because of the nature of the product.
Tobacco products are legal and manufactured to accepted industry standards. The new legislation prohibits the application of the trade mark to the product (save for block letter word marks) and is given registration rights different to those of other trade marks under the Australian system. This goes beyond the parameters of the restrictions permitted under the “safety and security grounds”.

Tobacco product trade marks can be registered without meeting the use requirements that other trade marks must meet. However, the prohibition on use and loss of other rights remove the value of obtaining registration, thereby providing an indirect obstacle to registration. Conversely, a non-tobacco product trade mark must meet the use requirements under the Trade Marks Act before it can be registered. Accordingly, these trade marks are prejudiced by virtue of the fact that the goods they are applied to are not tobacco products. Whichever way the situation is looked at, the new legislation creates an obstacle to registration based on the nature of the goods. Given that the purpose of TRIPs is to provide the minimum uniform status of intellectual property rights, it is logical to conclude that the Plain Packaging Act is inconsistent with TRIPs Article 15(4).

Article 17 – Positive and Negative Trade Mark Rights

Article 17 permits the member countries to make “limited exceptions to the rights conferred by a trade mark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trade mark and of third parties”.

“Limited exception” and “legitimate interests of the owner” are the operative phrases and have been examined by the WTO. “Limited exception” has been interpreted in patent disputes to provide a narrow exception and this interpretation has been accepted to apply to trade mark matters. The meaning of “legitimate interests of the owner” has been defined as a measure that prevents trade marks from being stripped of their primary functions in serving as badges of origin and conveyors of messages and takes account of the “trade mark owner’s interest in the economic value of its mark arising from the reputation that it enjoys and the quality that it denotes”.

Following the findings of these cases, any measure that removes the trade mark’s ability to act as a badge of origin or a conveyor of a message is a measure that does not take into account the legitimate interests of the owner, which includes their economic interest. The Plain Packaging Act is inconsistent with TRIPs as it prevents tobacco trade marks from acting as a badge of origin or conveying a message. The exceptions conferred by the new legislation are also not “limited” as the right for owners to use their own trade marks is completely removed with the exception of heavily regulated block letter marks, which are devoid of any distinctive character. In addition, in many jurisdictions, the greater the distinctiveness of the mark the greater is the right of the owner to take action against infringing third parties. Accordingly, the loss of the economic value and goodwill for many tobacco trade mark owners is enormous.

Proponents for plain packaging argue that Article 17 is not contravened because the new legislation does not affect “the rights conferred by the trade mark”. They point out that Article 17 confers a negative, not positive, right on the owner to use their trade mark, as it provides the right to exclude others from using a trade mark rather than giving the owner the right to use its trade mark. This view is given strength when read in conjunction with Article 16. Article 16 does not grant the trade mark owner a positive right to use their mark and instead confers on the owner the right to prevent other parties from using their trade mark, or identical or similar trade marks, on identical or similar goods or services without the trade mark owner’s consent, where that use would likely cause confusion. The view is that the TRIPs Agreement provides negative trade mark rights in order to give member countries the freedom to consider other policies, such as promoting public health, and that the Plain Packaging Act is consistent with these rights provided by TRIPs.

In spite of the negative rights given by TRIPs, it is important to remember that the purpose of TRIPs is to provide a regime for trade mark owners to use their trade marks. This in itself indicates that TRIPs is designed to encourage, not discourage, the use of trade marks. The preamble of TRIPs makes it clear that the purpose of the agreement is to strike a balance between the private rights of the intellectual property owners and the public interest. Articles 15(4), 19 and 20 are directed towards prohibiting the denial of registration based on the nature of the goods or services, allowing and maintaining trade mark registration based on use and prohibiting certain encumbrances on the use of
trade marks. With this in mind, the new legislation is inconsistent with Article 17.

Article 20 – Unjustifiable Encumbrances

The purpose of Article 20 is to prevent making the use of trade marks difficult in the course of trade. It bars member countries from implementing “special requirements” that “unjustifiably encumber” trade marks including by means that are detrimental to the trade mark’s ability to distinguish the associated goods or services from those of other companies.

“Special Requirement”

The term “special” has been interpreted by WTO (in relation to TRIPs Article 13) to connote an “individual or limited application or purpose” with an exceptional quality or degree or being unusual or distinctive in some way.

The case of Indonesia – Certain Measures Affecting the Automobile Industry WT/DS54/R (2 July 1998) looked at the meaning of “requirement”. In that case, it was decided that Indonesia’s practice of only giving “national motor vehicle” benefits to cars owned by Indonesian nationals and bearing a unique Indonesian trade mark was discriminatory but not in contravention of Article 20 because the regime did not impose any trade-mark related requirement. Foreign-trade mark owners voluntarily traded with Indonesia with full knowledge that their trade mark use would be restricted. Accordingly, the measure was not considered to be a “requirement” but it would have been if the measure had been imposed on all cars, not just those that were part of the “national motor vehicle” scheme. In contrast, as the new legislation does impose the trade mark restrictions on all tobacco packaging, the restriction is a “requirement”.

“Unjustifiable Encumbrance”

Both Lalive and Gervais have adopted a plain English approach to derive “hamper, impede or burden” as the meaning of the word “encumbrance”. An encumbrance is permissible if it is justifiable. Permitted justifiable encumbrances are listed in Article 8 and include adopting measures in the interests of public health and nutrition if they are consistent with TRIPs. The objective to improve public health is also listed in the 2001 Doha Declaration on the TRIPs Agreement and Public Health (the Doha Declaration) which, although relating to patent rights, provides useful guidance in interpreting Article 20. The Doha Declaration has confirmed flexibility for its Member States to circumvent patent rights for better access to essential medicines. It also provides that the TRIPs Agreement:

(a) does not, and should not, prevent Members from taking measures to protect public health.
(b) Should be interpreted and implemented in a manner supportive of the right to protect public health.
(c) Should be read in light of the object and purpose of the Agreement particularly with regards to Articles 7 and 8.

Articles 7 and 8 (discussed below) acknowledge that intellectual property rights should be protected not in isolation but in balance with measures to benefit social (including health) and economic welfare and case law confirms this view.

There are few cases that have made specific findings about Article 20. In the earlier mentioned case, R v Secretary of State for Health ex parte British American Tobacco (Investments) Ltd, the ECJ was asked to consider the validity of a council directive regarding the manufacture, presentation and sale of tobacco products and to declare it in breach of Article 20. The directive imposed strict requirements on cigarette composition and labeling including the mandatory display of health warnings. The ECJ did not make a specific ruling with respect to Article 20. It found that the fundamental right to property, including intellectual property, is not an absolute right but is one that needs to be considered in relation to its social function and other general interests.

Further guidance on Article 20 may be found in cases which have considered the question of “justification” under the general exception provisions of GATT Article XX and GATS Article XIV. In a number of these cases, the concepts of justification and necessity (discussed later with respect to TRIPs Article 8) have become intertwined and putting forward evidence in support of the measures’ objectives and effectiveness is a feature common in both tests.

Brazil used GATT Article XX to justify its measure for banning the importation of used tyres on the grounds that the intention was to reduce exposure of waste tyres to human, animal and plant life. The Appellate Body held in this case that in order to justify the measure, the panel had to “be satisfied that it brings about a material contribution...”
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to the achievement of its objective” and that the relevant factors are “the extent of the contribution to the achievement of the measure’s objective and its trade restrictiveness. If this analysis yields a primary conclusion that the measure is necessary, this result must be confirmed by comparing the measure with possible alternatives… This comparison should be carried out in the light of the importance of the interests or values at stake.”

In determining whether a measure is justifiable, it is further necessary to look at the underlying policy objective and also the effectiveness of the proposed measure. For example, a move to reduce the size of a pharmaceutical drug trade mark in order to enhance the prominence of the generic name was held to be justified on public health grounds under Mexican health law, which requires generic names to be displayed with trade marks on pharmaceutical products. The Plain Packaging Act, however, requires the trade mark to be removed from the packaging in its entirety except for the block letter mark which can only appear in a standardised manner. This is a far more overreaching measure than the Mexican health law requirement. The loss of goodwill in the trade mark’s brand value to the owner companies, as discussed earlier, amounts to billions of dollars. It is questionable whether the test of justifiability takes into account any legitimate interests of the trade mark owners in terms of the loss of distinctiveness. The loss of distinctiveness caused to the trade mark should be taken into account given that it is an important “interest or value at stake” and in light of TRIPs objective to maintain a balance between the private rights of the intellectual property owners (which includes its economic interests) and the public interest.

It is contended that "no reasonably available, less trade-restrictive alternative to plain packaging exists that would make an equal contribution to the public health objective of [reducing smoking]" on the basis that any reasonable alternative must be: asserted by the objecting member; a genuine and readily available measure and cannot be complementary to a measure that is already in place. One obvious alternative is to ban the sale of tobacco products in Australia altogether, similar to the ban that Singapore imposed for chewing gum back in 1992. The ban was eventually modified to permit the use of some medicinal gums, for example nicotine gum or gum chewed for dental health reasons. It is interesting to note that, at this time, the market for chewing gum in Singapore was considered small. The size of the tobacco market in Australia is huge. It is worth billions of dollars to the tobacco companies. If an outright ban on the importation or sale of tobacco products, coupled with heavy penalties for breach of the ban, was implemented it might achieve the objective of reducing smoking, however the action would have to be assessed against its trade restrictiveness. In any event, it is unlikely that a ban would be imposed given the size of the market for tobacco products in Australia and the fact that prohibition is the ultimate level of restriction.

Another measure that Singapore adopted was to restrict the points of sale of the medicinal chewing gum and to restrict sale to only those with a prescription. This is a measure that Australia could adopt in addition to the “behind the counter” sales restrictions that already apply. Again, the effectiveness of the measure would have to be assessed against its trade restrictiveness, but there is sense behind the reasoning that if tobacco is not so readily available to purchase that consumption rates may decline.

There are measures that have been implemented in order to reduce the impact that passive smoking has on the community, such as the ban of smoking in restaurants and bars. If smoking were banned in all public places, for example pedestrian malls and open entertainment venues, this may also act as a deterrent to smokers because the activity is no longer easily accessible or socially acceptable. A smoking ban in Rundle Mall in Adelaide, South Australia was approved in early 2012. It is possible that further bans in public areas would discourage smoking because of the socially ostracising effect and the restriction imposed on the user’s comfort and enjoyment of public spaces. There have also been numerous marketing campaigns on television and other media attempting to warn the public of the health impact of smoking. This is in addition to the large health warnings and graphic, unsightly pictures of the health effects of smoking currently displayed on tobacco packaging.

The question ultimately comes down to whether the Government can establish that the encumbrance is justifiable. The Government is adopting the position that the encumbrance is justifiable on the grounds of public health. Its aim is to reduce smoking rates to below 10% by 2018. The onus of proof lies with the Government as it is the member party seeking to establish that the encumbrance is justifiable. Statistics have been
put forward by advocates and antagonists of the new legislation in support of their respective cases. For example, in 2010, 15% of Australians aged 14 years and over were daily smokers and another 24% considered themselves ex-smokers. The Government’s National Drug Strategy Household Survey, which surveyed around 23,000 people, indicates that only about 1.2% of smokers consume unbranded tobacco products 50% of the time or more, a result which suggests that unbranded tobacco products appeal to only a very small proportion of smokers. Others contend that there is no real proof that introducing plain packaging will actually work. Ultimately, if the Government fails to establish that the encumbrance is justifiable then the Plain Packaging Act will be inconsistent with TRIPs Article 20.

Article 8 – Public Health Interest

Article 8 states that:

Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.

Article 8 is “essentially a policy statement that explains the rationale for measures taken under Articles 10, 31 and 40 [and may] serve an interpretative function”. It assists in interpreting Article 20 by shedding light on the purpose and objectives of TRIPs. It is clear from the wording that a member cannot override its obligations under TRIPs in order to protect a public interest (i.e. health), Article 8 is therefore different to other provisions such as GATT Article XX and GATS Article XIV that do provide exceptions.

Determining whether a measure is necessary to protect public health requires a two-step approach. First, a causal link must exist between the measure and the protection of public health. Secondly, the measure must be the least restrictive on intellectual property rights. In determining whether “there is a reasonably available, less trade-restrictive way of achieving the objective” relevant factors to be taken into account include the difficulty of implementation and the extent that the “alternative measure contributes to the realisation of the end pursued”. This test mirrors the “justification” test under Article 20. Any measure taken that can satisfy these criteria must be consistent with TRIPs’ primary purpose of mandating a minimum requirement for the protection of intellectual property.

The three questions then raised are:

(1) Is there a legitimate policy goal stated? This legitimate goal must be the end, not the means.

(2) Are the plain packaging measures likely to achieve this goal?

(3) Are there reasonable, less restrictive alternatives to plain packaging that will meet this legitimate goal?

The answer comes down to one of evidence, as for Article 20. However, Article 8 specifically requires the member countries to comply with the purpose of TRIPs which includes maintaining the balance between the private rights of the intellectual property owners and the public interest. This wording gives weight to the view above in relation to Article 20 that the economic interests of the trade mark owner need to be taken into account when adopting any measure. The Government would have to prove that plain packaging reduces the incidence of smoking and that the measure is the least restrictive measure to achieve the objective. Commentators, such as Lalive and Gervais, with whom the author agrees, suggest that the plain packaging measure is broad sweeping and does not consider the economic interests, nor does it maintain the intellectual property rights, of the trade mark owner. It is therefore inconsistent with the overall obligations under TRIPs as required by Article 8.

The Paris Convention

The main articles of the Convention affected by the new legislation are Articles 6quinquies A and B and Article 7. Article 7 is the same as Article 15(4) of TRIPs except that it includes services. Article 7 was discussed earlier along with TRIPs Article 15(4).

Article 6quinquies

Article 6quinquies A(1) provides uniform registration requirements amongst the member countries. It states that a “trade mark registered in the country of origin shall be accepted for filing and protected in other countries which are party to the Convention subject to reservations in this Article”. Article 6quinquies (B) provides that, subject to the application of Article 10bis, trade marks can be
denied registration, or invalidated, where the trade mark is:

- ...(i) of such a nature as to infringe rights acquired by third parties in the country where protection is claimed;
- (ii) devoid of any distinctive character, or consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production, or have become customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed; or
- iii) contrary to morality or public order and, in particular, of such a nature as to deceive the public. It is understood that a mark may not be considered contrary to public order for the sole reason that it does not conform to a provision of the legislation on marks, except if such provision itself relates to public order.

These three grounds are quite specific. Tobacco trade marks do not fall into the first two grounds simply by virtue of their nature. That is, they would be denied registration as would any other trade mark registration that infringes the rights of a third party in which the protection is claimed or if they were devoid of distinctive character. On the contrary, it is because tobacco trade marks are highly distinctive that the new legislation is being enacted.

The third category concerns the mark, not the product and generally encompasses, for example, religious symbols and scandalous marks. Deceptive marks are designed to capture marks that suggest, for example, that the goods possess non-existing qualities, unjustified references to rewards or patent protection.99 Statements or representations that deceive the public, such as descriptive terms like “mild” or “light” may fall into the third category as they arguably deceive the consumer into thinking that the particular product is not as harmful as a “regular strength” or “full strength” product, however normal brand names or logos would not fall within this category.

Some argue that Article 6quinquies (B) is directed towards the registration and validity of the trade mark, not its use.100 However, it is clear that the use of the trade mark is encompassed by the Article given that all of the grounds for registration indicate that the refusal or invalidation would arise, not because the registration process itself is problematic but because the use of the trade mark:

- (a) Would infringe the rights of another party;
- (b) Would not serve to distinguish the goods or services of the owner even if it were applied to the products; or
- (c) On products would cause confusion or deceive consumers.

The “invalidation” component also infers the removal of a registered trade mark and, often, the grounds for removal relate to the manner in which the trade mark has been used, or not used. It is clear that Article 6 as a whole looks at use along with registration, especially when Article 6quinquies (B) is read in conjunction with Article 6quinquies (C)(1) which states that “all factual circumstances, in particular the length of time that the mark has been in use must be considered in determining whether a mark is eligible for protection”. The Paris Convention does not provide a positive right to use a trade mark and the Plain Packaging Act does not deny registration of tobacco trade marks, it permits registration but does not allow their use. Again, similar to the conclusion drawn for Article 15(4) TRIPs, by placing such restrictions on the use of the trade mark the registration process is made meaningless and economically worthless to the trade mark owner. This resulting “indirect invalidation” of the trade marks is inconsistent with Article 6.101

Article 10bis – Unfair Competition

Article 10bis relates to the obligations of the member countries with respect to unfair competition. All member countries are required to ensure the other member countries effective protection against unfair competition. Acts of competition that are contrary to honest practices in industrial or commercial matters constitute unfair competition. In particular, Article 10bis prohibits:

- (a) Acting in a manner which may cause confusion by any means in relation to the establishment, goods or industrial or commercial activities of a competitor.
- (b) Making false allegations by any means in relation to the establishment, goods or industrial or commercial activities of a competitor.
(c) Making indications or allegations which, used in the course of trade, would be liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for purpose or the quantity of goods.

The wording of Article 10bis is absolute in prohibiting the specified conduct. In standardising the appearance of all tobacco packaging and removing the trade mark and “get up” elements that distinguish one company’s products from another, it is possible that consumers will be confused about the nature of the goods they are purchasing. The risk of an increase in counterfeit products due to the enhanced ability to copy standardised packaging is arguably an act that is “contrary to honest practices in industrial or commercial matters”. These actions are measures that, on the face of it, are within the scope of those specifically prohibited by Article 10bis.

Conclusion

The Plain Packaging Act raises issues of national and international interest as the ramifications for trade mark owners worldwide are huge, both legally and economically.

Legally, the new legislation interferes with the trade mark owner’s positive right of use, given under the Trade Marks Act. It also creates a two-tier trade mark system where tobacco and non-tobacco trade marks are treated differently under Australia’s registration system. The new legislation also arguably does not comply with Australia’s obligations under international intellectual property treaties. There will undoubtedly be a minefield of litigation surrounding the new legislation and its compliance with both Australian and international laws. The action already taken by major tobacco companies in Australia’s High Court is indicative of this.

Economically, there are billions of dollars at stake both in terms of goodwill lost to the trade mark owners and the cost on the health system to care for those suffering from smoking related illnesses. Protection of public health is a major issue in Australia which has a growing epidemic of disease including obesity and alcohol related disease. It may not be just tobacco companies that need to be wary of the restrictions being pushed in favour of protecting public health.

Alcohol is the second largest cause of drug-related deaths and hospitalisations, second only to tobacco. Not only can alcohol cause the death of the consumer, it contributes significantly to the deaths of others through alcohol-fuelled violence and incidents of drink driving. Road trauma is the leading cause of death amongst young Australians. In 2004-2005, the estimated cost to the Australian society caused by alcohol consumption was estimated at $15.3 billion. Diabetes is the seventh leading cause of death in Australia, with one person diagnosed in Australia every five minutes. The cost to the Australian healthcare system is estimated at $3 billion each year. The consumption of junk food including take away meals, confectionery and sugary soft drinks are linked to the rising incidences of diabetes and obesity. Currently, almost 60% of the Australian population (over 25 years of age) is considered overweight or obese. That figure is estimated to rise to 73% of adults being obese by 2025.

These statistics are of real concern and, given their impact on the public health system, may be next on the Government’s agenda. The Coalition on Food Advertising to Children (an initiative of the Cancer Council) is lobbying for bans on advertising junk food for children on television and it may not be long before products, such as children’s cereals, will be targeted for “generic packaging”.

It is not only for the implications on the tobacco industry, but also because of the far reaching consequences on other industries that the Plain Packaging Act will be watched closely, and fought over heatedly, in both Australian and international spaces. The outcome remains to be seen. What is certain is that the issue of plain packaging is not plain simple.

1 “This article was written prior to the High Court of Australia handing down its reasons in the case of JT International SA v Commonwealth[2012] HCA 43.

In its reasons, the High Court decided that, for there to be an acquisition within the scope of s 51(xxxi) of the Constitution, it was necessary for there to be a gain of a proprietary nature. In their view, the Tobacco Plain Packaging Act 2011 (Cth) creates space by denying the presence of the trade mark, but this creation of space does not create a proprietary gain on the part of the Commonwealth under the Constitution.


2 Tobacco Advertising Prohibition Act 1992 (Cth), s.3.

3 Tobacco Advertising Prohibition Act 1992 (Cth), s.9.
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5 Department of Health and Ageing, “Submissions to the Standing Committee on Legal and Constitutional Affairs – Inquiry into the Tobacco Plain Packaging Bill 2009”, 27 October 2009 at 19

6 Australian Institute of Health and Welfare, n 11 at 1

7 The term “tobacco product requirement” is a defined term which includes the social, environmental and economic effects in addition to the health effects by providing a framework for tobacco control measures to be implemented by the Parties at national, regional and international levels: Article 3

22 Guidelines for the implementation of Article 11 of the FCTC. See also the Explanatory Memorandum to the Tobacco Plain Packaging Bill 2011 (Cth) at 1.

23 These figures reflect a steady increase since 1999-2000 at which time the total revenue from all these taxes was $5 billion. Australian Institute of Health and Welfare, n 11 at 11.


27 Although Australia is the first country to pass plain packaging legislation, it is not the first country to have considered it. The idea was first presented by Dr Gerry Kay in June 1986 in Canada at the Canadian Medical Association’s annual general meeting. “Plain packaging of tobacco products declared unconstitutional”, 21 June 2010 at: http://www.internationallawlibraryoffice.com/newsletters/Detail.asp?g=8c5be88d-44d1-41ca-8b5cc-ee19405d5c viewed 14 October 2012. New Zealand and Canada also examined the proposal for plain packaging for tobacco products in 1989 and 1994: Generic Packaging Meeting 22/9/93: Reference Documents, 22 September 1993, at: http://bat.library.ucsf.edu/id/pid2/67499 cited in n 1 at 9. Countries to have considered the issue more recently include the United Kingdom and France: The Australian, “UK stalls on plain packaging”, 19 December 2011, at: http://www.thesmokersunion.com.au/news/world/uk-stalls-on-plain-packaging/story-etphpgps-1226225258800, viewed 14 October 2012.

28 Section 51(xxxi) of the Australian Constitution provides the Commonwealth with power to make laws with respect to the “acquisition of property on just terms from any State or person for any purpose in respect of which the Parliament has power to make laws”. So far the Australian and New Zealand governments have expropriated approximately 30% of the front cover and 90% of the back cover of cigarette packets in order to display health warnings, without payment of compensation being paid to tobacco companies for the loss of branding opportunities on this space: Freeman, Chapman and Rimmer, n 1 at 7.

29 JT International S A v Commonwealth of Australia [2012] HCA 43: The Court, citing Mason J in The Commonwealth v Tasmania (The Tasman Dam case) [1983] HCA 21, (1983) 158 CLR 1 at 145: “To bring the constitutional provision into play it is not enough that legislation adversely affects or terminates a pre-existing right that an owner enjoys in relation to his property; there must be an acquisition by reason of the operation of the TPP Act on the plaintiffs’ property, however slight or insubstantial it may be” held that in this situation “… the interest or benefit accruing to the Commonwealth or another person must be proprietary in character. On no view can it be said that the Commonwealth as a polity or by any authority or instrumentality, has acquired any benefit of a proprietary character by reason of the operation of the TPP Act on the plaintiffs’ property rights”, per French CJ at [42].


33 ITPA has written several letters to government officials in various countries including Australia, Europe and Canada: ITPA, “Letter to the Legal Affairs Department Permanent Representation of...”

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54 Trade Marks Act 1995 (Cth), s.17.
55 Trade Marks Act 1995 (Cth), s.21.
56 Trade Marks Act 1995 (Cth), s.20.
57 Trade Marks Act 1995 (Cth), s.22.
58 Trade Marks Act 1995 (Cth), ss 41(5) and 41(6).
59 Trade Marks Act 1995 (Cth), ss 57, 59 and 92(4).
60 Trade Marks Act 1995 (Cth), s.42(b) requires a registration application to be rejected if its use would be contrary to law.
61 Trade Marks Act 1995 (Cth), ss 92(4)(a) and (b) and 100(1)(c).
62 Explanatory Memorandum, Trade Marks Amendment (Tobacco Plain Packaging) Bill 2011 (Cth) at 1. Although the Trade Amendment (Tobacco Plain Packaging) Act 2011 (Cth) received Royal Assent on the same day as the Plain Packaging Act it was only introduced once a potential conflict between the Plain Packaging Act 2011 and the Trade Marks Act was identified. Section 231A is essentially a “catch all” provision which permits the Government to make any regulation needed to resolve any conflict that arises between the two Acts.
63 Trade Marks Act 1995 (Cth), s.41.
64 Trade Marks Act 1995 (Cth), s.59.
65 Trade Marks Act 1995 (Cth), s.84A.
67 For example, an assignee under s 108 or other parties with the consent of the registered owner under s 113.
71 These estimates, however do not take into account the amount of cigarettes brought into the country via duty free purchases by international travellers or through illicit means. There is also a significant amount of loose leaf tobacco imported into Australia. The amount of other tobacco cleared through excise between 2001-2002 and 2009-2010 fluctuated between 550 and 800 thousand kilograms: Australian Institute of Health and Welfare, n 11 at 2, 6 and 9.
72 “European Commission Taxation and Customs Union Report on Community Customs Activities on Counterfeit and Piracy” cited in IPFA, “Submissions to the Senate Standing Committee on Community Affairs – Plain Tobacco Packaging (Removing Branding from Tobacco Cigarette Packs) Bill 2009” 23 February 2010 at 3. It is suggested that these figures should be treated with caution as this report has been heavily criticised by several health specialists. This survey, which was conducted by Deloitte for three major tobacco companies, had a response rate of only 25% which is markedly lower than most surveys sponsored by government or charitable agencies: Quid Victoria, Cancer Council Victoria, n 10 at 24.
73 Cited in Cancer Council Australia, n 4 at 6.
76 INTA, “Letter to the Legal Affairs Department Permanent Representation of France to the EU, Belgium”, 5 November 2008.
77 Cancer Council Australia, n 4 at 1.
79 Commonwealth of Australia cited in Cancer Council Australia, n 4 at 1.
80 Alemanno and Bonadio, n 50 at 468.
81 Alemanno and Bonadio, n 50 at 468.
82 Gallahue N, “Tobacco control and the Paris Convention for the Protection of Industrial Property” 5 Tobacco Control 165 cited in Alemanno and Bonadio, n 50 at 468-469.
83 Similar to the case of Indonesia – Certain measures affecting the automobile industry, WT/DS54/R, WT/DS55/R, WT/DS59/R, WT/DS64/R (July 2, 1998) cited in Alemanno and Bonadio, n 50 at 464 discussed below with respect to Article 20.
87 Laliv e, n 54 at 9.
88 Gervais, n 55 at 11.
89 Alemanno and Bonadio, n 50 at 462.
92 Alemanno and Bonadio, n 50 at 463.
94 Gervais, n 55 at 13.
95 Laliv e, n 54 at 10 and Gervais, n 55 at 13. Both also consider that a prohibition of all non-word marks is the ultimate encumbrance.
96 The Doha Declaration was adopted by the WTO Ministerial Conference of 2001 in Doha on 14 November 2001.
97 Doha Declaration paragraphs 4 to 6.
98 R v Secretary of State for Health ex parte British American Tobacco Investments Ltd, cited in Alemanno and Bonadio, n 50 at 466.
99 Freeman, Chapman and Rimmer, n 1 at 16.
101 Gervais, n 55 at 34.
103 Alemanno and Bonadio, n 50 at 465.
105 Voon and Mitchell, n 69 at 18.
106 At this same time, vandals were disrupting train services by sticking chewing gum over the sensor panels, preventing the doors of the trains from functioning properly. Chewing gum was subsequently banned from being imported into Singapore, even if brought into the country by an individual for personal use. The ban received
Is Plain Packaging Plain Simple? – An Analysis of the Compliance of the Plain Packaging Laws for Tobacco Products with Australian and International Intellectual Property Laws

international press coverage and was considered such an important issue that in 2003 when the leaders of the United States and Singapore were finalising negotiations on the US-Singapore free trade agreement, the two issues left to resolve were (1) the war in Iraq and (2) the ban on chewing gum. Wikipedia, "Chewing gum ban in Singapore", at: http://en.wikipedia.org/wiki/Chewing_gum_ban_Singapore, viewed 21 October 2012.


BBC news, "Singapore to partly lift gum ban" (15 March 2004), at 87 viewed 21 October 2012.


Australian Institute of Health and Welfare, n 11 at x.

Cancer Council Australia, n 4 at 4.

IPTA, "Submissions to the Standing Committee on Legal and Constitutional Affairs – Inquiry into the Trade Mark Amendment (Tobacco Plain Packaging) Bill 2011", 1 September 2011.

Gervais D., "The TRIPS Agreement. Drafting history and analysis" (Sweet & Maxwell, 2008), at para 2.85 cited in Lalive, n 54 at 14.

Gervais, n 55 at 25.


Gervais, n 54 at 12 and Gervais, n 55 at 35.


Woon and Mitchell, n 69 at 6.

Lalive, n 54 at 8.

INTA, "Letter to the Legal Affairs Department Permanent Representation of France to the EU, Belgium", 5 November 2008.


Australian Institute of Health and Welfare, n 11 at x. These costs were both tangible (healthcare, road accidents and crime) and intangible costs (e.g. pain and suffering, mental health problems and adverse social consequences on family, communities and workplaces).


In recent decades, the omnibus claim has been “an international bad boy”, being officially banned in both the Patent Cooperation Treaty of 1970 (PCT Rule 6.2) and the European Patent Convention of 1973 (EPC Rule 46(6)). The omnibus claim is presumably an invention of the British patent attorney profession of the late nineteenth or early twentieth centuries. It is as well to recall that originally patent specifications did not have claims, one was supposed to be able to determine what the invention was merely by reading the description. The development of claims as we know them came later and the omnibus claim came, in this writer’s view, as a means of rectifying any possible deficiency in the regular claims.

The case which exactly demonstrates the point of omnibus claims is Raleigh Cycle v Miller which went all the way to the House of Lords ((1948) 65 RPC 141), although the patent specification and drawings of the preferred embodiment are to be found in the first instance decision reported at (1946) 63 RPC 113 at 117.

This invention concerned a problem for cyclists, which is still apparent today. The problem is that when a bicycle is being peddled slowly, the wheels are not rotating fast enough to enable a wheel-powered dynamo to generate a steady light output. Instead, the light pulsates. As the cyclist pedals more quickly, so the pulsating increases in frequency until eventually the light appears to be on all the time.

The solution of the inventor to this problem was to provide an electrical dynamo, not just with the minimum of two magnetic poles, but with a much increased number of poles. The inventor’s solution set out in the specification included an increase in the diameter of the hub of the front wheel and a shortening of the length of the spokes, so as to provide a physical arrangement with room for the dynamo and its multiple poles.

The particular word of claim 1 which was to prove fatal to the normal claims (that is claims 1 to 4) was the word “multipolar”. Since magnetic poles always have to come in pairs, one a north pole and one a south pole, there must always be an even number of poles. Since “multi” would not include two poles, and there could not be three poles, the term “multipolar” must mean four or more poles. However, the evidence was that in order to reduce the pulsating nature of the light produced by the dynamo or generator, it was necessary to have approximately 20 poles. So, in today’s terminology, the term “multipolar” meant that claim 1 included within its scope arrangements having 4, 6, 8 … 16 and 18 poles which would not work sufficiently well to fulfil the promise of the invention. That is, claim 1 was invalid for inutility. Since claims 2-4 all depended from claim 1 they were also inutile. Everything for the patentee now depended on omnibus claim 5 because it did not include the word “multipolar”. Finally, the House of Lords determined that the omnibus claim was valid and that, most importantly, it was also infringed. The trial Judge found that “the differences between them are colourable and devoid of significance and that the defendants have adopted and copied the Plaintiff’s device in every essential particular …. The defendant’s product is absolute mechanical equivalent” [at p.129]. Thus the apparatus found to infringe the omnibus claim was not identical to the embodiment described in the specification but did incorporate the invention “substantially as described”.

This situation is far from being unusual. Many infringement/validity questions depend upon the meaning of one or two words in the claims. In the recent case referred to above, it was the word “housing” and a decision had to be made as to made as what portions of the valve were encompassed by the term “housing”, and what portions were not. The finding was in favour of the patentee so all pleaded claims (including the omnibus claim) were infringed. However, if that
Vale Omnibus Claims – The Panacea of Incompetence

finding had gone against the patentee, then only the omnibus claim would have been infringed.

The form of the omnibus claim which makes reference to the drawings (or the examples in the specification for chemical inventions) no doubt evolved in order to split the description of the prior art from the description of the embodiments. Since in most specifications the prior art is referred to first before the “Brief Description of the Drawings”, this deftly restricts the omnibus claim(s) to the correct part of the description.

Furthermore, where two or more embodiments of apparatus, for example, are described and illustrated then the reference in the apparatus omnibus claim should be similarly partitioned so as to read, say, “A fish catching apparatus substantially as herein described with reference to Figs. 1-3 or Figs. 4-6 of the drawings”. Australian Examiners of late do not seem to raise objection if the drawings are not so partitioned, but one should bear in mind an eagle-eyed judiciary. New Zealand Examiners seem to insist upon “the drawings” being “the accompanying drawings”. This partitioning will often not apply in method omnibus claims if, for example, both of the fish traps operate on the same principle to catch fish despite their different appearances.

Omnibus claims are normally independent claims since the whole point of them is to avoid any semantic problem which may infect a conventional independent claim. Occasionally one comes across an omnibus claim in the form “10. A method as claimed in any one of claims 1-9 and being substantially as herein described with reference to the drawings”. This is more an attempt to avoid unknown prior art than (yet to be revealed) semantic deficiencies in the previous claims. It is also possible to have subsidiary claims which depend from an omnibus claim – see Patent No. 679,737 (Specification No. AU1994 464 800 C Claims 8-14). This was done as a post grant amendment to (hopefully) broaden the interpretation of the scope of the omnibus claim by implication.

So, in construing a patent specification with one or more omnibus claim, one should regard them as a sort of broad scope registered design (in which differences in appearance between the alleged infringement and the illustrated embodiments can be overlooked provided the two are “mechanical equivalents”, to use the words of Raleigh Cycle v Miller). So, a pair of nail scissors with slightly curved blades might well infringe the omnibus claim of a specification which described and illustrated a pair of scissors for use in an office, but a pair of nail clippers which operates like an electrician’s side cutters would not infringe (because the blades do not overlap when cutting).

Omnibus claims are very important because they protect against something which might be termed “incompetence” and which can arise in many ways in patent cases. No person is blessed with papal infallibility and so incompetence can arise because of people and their actions or omissions. But incompetence can also arise in other ways. For example, there can be incompetence of language. We live in a world of rapidly expanding technology and sometimes the English language struggles to keep up. For example, in the realm of electricity, the term “current” used in respect of the flow of electricity had a clear counterpart, or analogous use, in relation to the flow of water in a river, for example. However, what we now know as the voltage had no clear equivalent. After all, the term “voltage” is derived from the surname of Alessandro Volta but other terms used to describe the same thing include “electric potential” and “high tension”. Other examples include the word “capacitor” which was previously termed “condenser” and before that a “Leyden Jar”. Words also change their meaning so that for example, the word “potentiometer” originally meant a device for measuring potentials but came to mean a variable resistor or rheostat.

In the early days of electricity, patent attorneys must have struggled to describe new developments. US Patent No. 381,970 filed 23 December 1887 and granted 1 May 1888 to Nikola Tesla in respect of the electrical transformer, would be only just comprehensible to electrical engineering students studying electrical transformers today. Although the “converter or transformer” has “primary coils” and “induced or secondary coils”, there is no reference to turns ratios, nor any theory of operation. There is also no mains supply so an AC generator has to be drawn and described. Yet what he discovered is discernible despite the archaic language.

Potential problems of incompetence of language undoubtedly arose when the transistor replaced the vacuum tube/valve and with the development of software-related inventions, microbiology and the like. So, even given the patentee’s ability to create his or her own dictionary, there will always be the problem of possible incompetence of language.

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The next problem is incompetence in the chain of persons involved in getting a patent to litigation, starting with the inventor. The inventor may not have a very good ability to explain to his or her patent attorney what is going on, or may not have a very good self-understanding as to why “the artificial state of affairs” able to be produced by the invention comes about. After all, 200 hundred years after Newton the world is still none the wiser as to the origin or cause of the force of gravity. Also, if an object X moves from point A to point B, is this because it is repelled by what is it A, or is it because it is attracted by what is at B, or is it because an invisible force field extends between A and B?

Furthermore, there is also the danger of patent attorney incompetence. The patent attorney may not be very good at teasing out from the inventor what the essence of the invention is, what the inventor thinks the scope of the invention is, or what the inventor thinks the prior art is. This is all before a single word of a specification has been contemplated, even as a draft. Naturally, in the drafting itself there may be patent attorney incompetence in selecting, or rejecting, the appropriate words leading to the problem which arose in Raleigh Cycle v Miller.

There may also be incompetence during examination and this is not merely a question of whether all of the prior art has been found in the search. The Examiners are supposed to give consideration to s.40 of the Patents Act 1990 (Cth) when examining (see s.45(1)(a)) and yet these days one rarely finds Examiners objecting that words used in a claim are ambiguous, or in some other way inappropriate. Presumably, the same incompetence of examination also arose in the examination of the Raleigh Cycle specification since the defects discovered in litigation were not discovered in the Patent Office, and arguably they should have been.

The next level at which “incompetence” may arise is in the legal representation of the patentee during litigation. Some barristers are better than others at expressing their ideas clearly and concisely, and moving the bench through a sequence of steps in an argument so as to arrive at the conclusion which the barrister wishes. There are also various decisions to be made in litigation as to which claims are potentially infringed, what line of argument should be used in relation to various issues, and so on.

The final link in the chain is what might be the term judicial “incompetence”. Given the respect which the judiciary justifiably commands, this is something of a ticklish subject. However, in one sense judicial “incompetence” is enshrined in the appeal procedure with decisions being able to be reversed on appeal. Whilst there is a certain safety in numbers inherent in the appeal system, judicial decisions are not immune from the laws of probability and mistakes can and do happen.

The fundamental “contract” between the patentee and the public is that the patentee discloses the invention and in return received an exclusive right. As Lord Morton said in the Raleigh Cycle v Miller case (at p.157):

I now come to claim 5, and before examining its wording I desire to make some preliminary observations. For many years it has been a common practice to insert, as the last claim in the patent specification, a claim on the same lines as claim 5 in the present case. I think that the reason why such a claim has been inserted, in the present case and in countless other cases, is as follows. The patentee fears that his earlier claims may be held invalid, because they cover too wide an area or fail sufficiently and clearly to ascertain the scope of the monopoly claim. His reasons are as follows: "If I have made a patentable invention and have described the preferred embodiment of my invention clearly and accurately, and without any insufficiency in the directions given, I must surely be entitled to protection for that preferred embodiment, and that protection may fairly extend to cover anything which is substantially the same as the preferred embodiment". This reasoning seems sound to me.

The difficulty is that the inventor discloses the invention with the initial filing of the application, but the Crown/state/government only upholds their end of the “bargain” or social contract at the conclusion of the litigation. Given the “incompetencies” which the inventor has to hurdle to successfully reach the end of the litigation, the bargain could hardly be said to the tilted in favour of the inventor.

Everyone wants to see a patent system in which technical development is encouraged by inventors being granted patents in respect of new and inventive/innovative developments, and being able to reliably enforce the eventual patents. The old adage that a chain is only as strong as its weakest link applies in this enforcement. Given the chain
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of possible “incompetencies” outlined above, the development of technology has benefited from the presence of omnibus claims. Australia will almost certainly be the worse for the abolition of the species. “Farewell sweet prince, may flights of angels wing thee to thy rest.”

1 Zetco Pty Ltd v Austworld Commodities Pty Ltd (No. 2) [2011] FCA 848.
2 Paragraph 42 of Schedule 6 of The Intellectual Property Laws Amendment (Raising the Bar) Bill 2011 (Cth) inserts a new subsection to s.40 reading: “s.40 (3A) – The claim or claims must not rely on references to descriptions or drawings unless absolutely necessary to define the invention”. This copies the PCT and EPC provisions and has the effect of banning omnibus claims.
3 Raleigh Cycle Coy & Anor. v Miller (H.) & Coy Ltd (1948) 65 RPC 141.
4 Raleigh v Miller (1946) 63 RPC 113 at 117.
Changes in PCT Fees effective from 1 January 2013

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In accordance with the directives adopted by the PCT Assembly at its 40th session, new equivalent amounts in AUD have been established by WIPO, and the new PCT fees will become effective from 1 January 2013. The changes to the Fees are as follows:

- International Filing Fee $1367
- (If the application contains 30 Pages or less including the Request form).
- For each page in the application in excess of 30 sheets $15.
- PCT-EASY component of PCT-SAFE reduction $103.
- Electronic filings filed in PDF format $206.
- Electronic filings filed in XML format $308.
- International Preliminary Examination handling Fees $206.

Trade Marks Goods and Services Classification

- Clarification of Practice in Relation to the "Instructional Material/manuals Sold therewith"
  
  In the past, IP Australia has allowed claims for instructional manuals/materials sold therewith at the end of a claim for goods as a means to include the instructional manuals that are sold together with the particular good. However, WIPO has indicated that this type of claim is not acceptable in applications filed under the Madrid Protocol, and that the correct classifications for instructional manuals/materials are class 9 (if electronically or digitally stored or recorded) or class 16 (if in hard copy). In light of this, applications containing such claims will not be accepted without an amendment and/or transfer of the goods to classes 9 or 16 as appropriate.

- Clarification of Practice in Relation to Claims for "Protective Clothing, Footwear and/or Headgear"
  
  In the past, IP Australia has accepted claims for protective clothing, footwear and headgear in class 9 without limiting the use or purpose of the goods to those offering “protection against accident or injury”. To avoid ambiguity in comparing protective clothing, footwear and headgear in Class 9 and clothing, footwear and headgear in class 25, IP Australia’s online pick list of goods and will be amended to qualify clothing, footwear and headgear claims in class 9 for the purpose of protection against accident or injury or similar. Applications in class 9 containing claims without this or a similar purpose indicated will not be accepted.

- These changes in practice apply to all applications with a priority or lodgment date on or after 1 January 2013. Formality objections will not be made retrospectively to existing trade mark applications or registrations with a priority or lodgment date prior to 1 January 2013.

Trade Mark Headstart Applications

From 9 December 2012, the following changes will apply to Trade Mark Headstart applications:

- All Trade Mark Headstart requests, amendments and Part 2 fee payments must be submitted via eServices.
- All requests for amendments to goods and services may only be made using the official Goods and Services pick list, as the fee structure of the Headstart service is based on use of the pick list only. Fees will continue to apply to the addition of classes of goods and/or services within an existing Headstart request.
- Amendments to the goods and/or services using an applicant’s preferred wording outside of the pick list can still be made after the Part 2 fee is paid and the Headstart request has been converted into a standard trade mark application. However, amendments after the payment of the Part 2 fee which expand the scope of the goods and/or services will not be allowed.

Trade Marks Goods and Services Classification

- Clarification of Practice in Relation to the "Instructional Material/manuals Sold therewith"
  
  In the past, IP Australia has allowed claims for instructional manuals/materials sold therewith at the end of a claim for goods as a means to include the instructional manuals that are sold together with the particular good. However, WIPO has indicated that this type of claim is not acceptable in applications filed under the Madrid Protocol, and that the correct classifications for instructional manuals/materials are class 9 (if electronically or digitally stored or recorded) or class 16 (if in hard copy). In light of this, applications containing such claims will not be accepted without an amendment and/or transfer of the goods to classes 9 or 16 as appropriate.

- Clarification of Practice in Relation to Claims for "Protective Clothing, Footwear and/or Headgear"
  
  In the past, IP Australia has accepted claims for protective clothing, footwear and headgear in class 9 without limiting the use or purpose of the goods to those offering “protection against accident or injury”. To avoid ambiguity in comparing protective clothing, footwear and/or headgear in Class 9 and clothing, footwear and/or headgear in class 25, IP Australia’s online pick list of goods and will be amended to qualify clothing, footwear and headgear claims in class 9 for the purpose of protection against accident or injury or similar. Applications in class 9 containing claims without this or a similar purpose indicated will not be accepted.

- These changes in practice apply to all applications with a priority or lodgment date on or after 1 January 2013. Formality objections will not be made retrospectively to existing trade mark applications or registrations with a priority or lodgment date prior to 1 January 2013.
Amendments to the Trade Marks Office Manual of Practice & Procedure

Part 29 – Trade Marks Likely to Deceive or Cause Confusion – Part 29 has been updated:
- To remove reference to geographical indications for wine (now contained in Part 32B).
- To revise the examination practice regarding marks suggesting endorsement, licence or approval.

Part 32B – Examination of Trade Marks for Wine (in class 33) – Part 32B has been extensively revised and rewritten.

SOUTH AUSTRALIA, VICTORIA and WESTERN AUSTRALIA

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Barristers
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In this edition’s update, we report on two Full Court decisions concerning the question of “deceptive similarity” for the purposes of s.44 of the Trade Marks Act 1995 (Cth) and “consent” for the purposes of s.123 Act. The third case deals with a different topic, namely the question of what options are available to a corporation wrongly accused of infringing another party’s intellectual property rights.

Paul’s Retail Pty Ltd v Lonsdale Australia Limited

[2012] FCAFC 130
(11 September 2012)

Trade marks – parallel importation – whether consent of the registered owner of the trade mark in suit – applicability of the Champagne Heidsieck principle – whether “use as a trade mark”

Since June 2011, Lonsdale Australia Limited (a UK company) has been the registered owner of the Australian marks LONSDALE in various forms, a lion device, and combinations thereof. Prior to that date, the Lonsdale marks were owned by a related company, LSL.

In May 2009, LSL entered into a licence with a German company, Punch, to promote, distribute and sell goods bearing marks similar (but not identical) to the Australian Lonsdale marks, within a defined European territory. In August 2012 (by which point Lonsdale Australia had become the owner of the Australian marks) Punch entered into a sales contract with a Cypriot company, Unicell, for a large quantity of Lonsdale-branded goods. These were to be manufactured in China (Punch’s licence permitted goods to be manufactured outside the territory) but also collected by Unicell from the factory in China.

The second appellant acquired these goods via a US intermediary and imported them into Australia, and subsequently provided them to Paul’s Retail to sell. Lonsdale Australia argued successfully at first instance that, by those acts, the appellants infringed the Australian Lonsdale marks.

The learned trial Judge rejected Paul’s Retail’s submission that s.123 of the Trade Marks Act 1995 (Cth) afforded it a defence. Section 123 provides that the use of a trade mark in relation to the same or similar goods or services in respect of which it is registered is not an infringement where the mark has been applied by or with the consent of the registered owner of the mark. Among other things, her Honour held that s.123 relates only to the registered Australian trade mark and not (as Paul’s Retail contended) the marks the subject of the Punch licence, and no consent or involvement of the mark’s registered owner, Lonsdale Australia, in relation to the infringing goods had been demonstrated.

On appeal, Paul’s Retail argued that the trial Judge had failed to consider that the Punch licence from LSL predated the assignment to Lonsdale Australia and that it was LSL’s consent that was relevant. Alternatively, if consent needed to be shown from Lonsdale Australia, it was argued to have been given by LSL for Lonsdale Australia by reason of the membership of the same group of companies. Paul’s Retail also sought to adduce further evidence of features of common control in this regard.

The Full Court (Keane CJ, Jagot and Yates JJ) did not find it necessary to determine that issue. Even if it was assumed that LSL consented to use of the Australian Lonsdale marks in the Punch licence, that consent was confined to, and conditional upon, a particular territory. Because the relevant goods had been delivered outside of the territory (that is, they were collected by the buyer in China), the relevant “sale” by Punch was a breach of its licence for which no relevant consent had been given.
Paul's Retail also sought at trial to rely on the principle, similar to s.123, expressed in Champagne Heidsieck et Cie Monopole Societe Anonyme v Buxton [1930] 1 Ch 330. The Champagne Heidsieck principle is wider, however, in that it refers simply to "genuine goods" rather than raising any questions of consent. The Full Court (as had the trial Judge before it) rejected this argument, holding that s.123 now encapsulated the relevant principles under Australian law, and no other principle was available to fill the gap in Paul's Retail's case.

Paul's Retail also sought to argue that the importation and sale of goods bearing a trade mark applied with the consent of its owner or licensee does not involve a "use" of the trade mark by the importer or seller within the meaning of s.120 of the Act. The Full Court rejected this argument. Apart from being contrary to express findings to the contrary in recent authorities and the language used in ss.120 and 123, such a proposition logically would mean that even if the mark had not been applied with consent, the importation and sale would not be a relevant "use", plainly an unwarranted outcome in light of the exclusive rights created under the Act.

Vivo International Corporation Pty Ltd v Tivo Inc
[2012] FCAFC 159
(14 November 2012)
Trade marks – deceptive similarity - aural
This appeal concerned a finding by Dodds-Streeton J that the VIVO mark the subject of Vivo's trade mark application was deceptively similar to Tivo's registered trade mark TiVo, thus the VIVO trade mark was not registrable by reason of s.44 of the Trade Marks Act 1995 (Cth). Her Honour found that deceptive similarity did not arise from a visual comparison of the marks, but arose phonetically.

For the purposes of determining whether the VIVO trade mark was deceptively similar to the TiVo trade mark, Dodds-Streeton J had taken into account the intention of Vivo's founder in adopting the VIVO mark. However, Tivo had never sought a finding of intention from the primary judge and it had disclaimed any positive case that it was the founder's intention to take advantage of any reputation attaching to the TiVo trade mark. Accordingly, her Honour's decision was affected by error. That error meant the Full Court was required to consider the issue of deceptive similarity, on the basis of the aural representation of the marks, afresh. Having done that, the Full Court unanimously held that the appeal should be dismissed, with Keane CJ (as his Honour then was) giving separate reasons to those of Nicholas J (Dowsett J agreeing).

Keane CJ observed that any confusion caused by the similarity in sound of VIVO and TiVo is "likely to be dispelled by the sight of the trade marks on the goods and the difference in prices between Vivo and TiVo branded goods." However, his Honour found that ordinary people interested in buying goods of the kind in question might well wonder whether goods bearing the TiVo and Vivo trade marks have the same source before the point of sale and that a connection so made "would not be dispelled by seeing the goods displayed on a retailer's showroom floor." His Honour concluded that the "differences in visual appearance of the trade marks and prices of the goods might be discounted subliminally as a mere indication that the two brands belong to one family of which the TiVo product represents the luxury end of the range and the Vivo product the economy end of the range".

Nicholas J gave more detailed reasons for his conclusion that deceptive similarity between the marks arose. His Honour noted that s.44 of the Act required the Court to consider what was likely to happen if each of the trade marks is used in a normal way on its owner's goods. "Normal use" in this context meant normal and fair use for all goods or services covered by the trade mark registration or trade mark application in question. Hence, it was the statutory rights of all legitimate use to which the marks might be put that were to be compared rather than any actual use.

Nicholas J then set out four further principles to be applied when considering deceptive similarity, as follows:

First, it is not necessary to show that a use of the mark has or will result in confusion; a mark may be deceptively similar to another mark if there is "a real, tangible danger" of confusion occurring. Secondly, a mark may be deceptively similar to another mark if its use causes people to wonder whether it might not be the case that the products to which the marks are applied come from the same source. Thirdly, a mark may be deceptively similar to another mark even if its use might not result in any deception or confusion that induces a sale or persists until the moment of sale. Fourthly,
allowance must be made for the “imperfect recollection” of a trade mark by people of ordinary memory and intelligence especially those who know one mark but do not know the other.

Applying those principles to the evidence, Nicholas observed that an expert phonetician’s evidence to the effect that persons would pronounce and hear the two marks distinctly did not take into account “imperfect recollection”. Further, evidence from an TV sales assistant to the effect that he had never observed a customer being confused between goods bearing the two marks was given little weight because his experience had been in selling goods bearing one mark at significantly different prices to goods bearing the other mark. Thus, that evidence did not take into account all the legitimate uses of the marks.

An expert in the fields of marketing and consumer behaviour opined that the level of consumer involvement in the purchase of audio-visual products was usually high. Nicholas J criticised the utility of this evidence, finding that “the generality of this evidence imposes significant limitations upon its usefulness in this case, especially when the TiVo trade mark registration covers not only DVRs, but a diverse range of audio-visual products which would, in the case of televisions, include cheap, portable models as well as highly sophisticated and expensive models employing the latest technology.”

Nicholas J observed that this case was unlike cases of “contextual confusion” where the mark in question usually has incorporated the whole of a registered mark or some distinctive component of it such that consumers would consider there to be some relationship notwithstanding perceiving the difference between the marks. His Honour found that a person mindful of the differences between the marks would not wonder if they were related in this way. As such, he did not give weight to evidence of confusion of sales staff when that confusion was not explained. His Honour expressly stated that his finding as to deceptive similarity did not rely on any risk that the two marks might be confused as being related. In this respect, it would appear that Nicholas J (and Dowsett J) took a different approach to Keane CJ.

Nicholas J was implicitly critical of the way in which the appeal has been conducted by TiVo so as to prevent him from concluding that the Vivo trade mark was deceptively similar to the TiVo trade mark based upon a visual comparison of the marks (TiVo did not contest her Honour’s finding regarding lack of deceptive similarity based on a visual comparison). Nevertheless, Nicholas J was able to find in favour of TiVo because, in line with what Dowds-Sreeton J had observed, in a significant number of cases both TiVo products and Vivo products would be identified, requested or ordered orally. His Honour concluded that there was a real danger that consumers who might know of the TiVo trade mark because they had seen products to which it had been applied, or because they had seen or heard advertising which made reference to it, would confuse it with the Vivo trade mark in the course of spoken communications with sales staff engaged in selling audio-visual products.

Seafolly Pty Ltd v Madden
[2012] FCA 1346
(29 November 2012)

Trade practices – allegations of copying made over the internet – protection of corporate reputation

Seafolly is an Australian-based designer and manufacturer of swimwear, sold under the name “Seafolly”. The respondent, Ms Madden, also designs swimwear, under the “White Sands” label.

In 2009, Seafolly had acquired a controlling interest in Sunburn Company Pty Ltd, which operated a number of retail outlets. In May 2010, Madden was visited by a buyer for Sunburn with a view to it possibly stocking the White Sands range. The buyer took photos of Madden’s swimwear at the appointment, and again at a fashion show the next day. No orders ultimately were placed by Sunburn.

Madden ran into the buyer again two months later at another fashion show at which Seafolly and White Sands swimwear were on display. The buyer was representing Seafolly at the show.

On 1 September 2010, Madden saw a copy of Seafolly’s current catalogue and considered that the Seafolly garment featured on the cover was “remarkably similar” to one of her own designs. A number of events occurred the following day.

First, Madden used her personal and White Sands Facebook pages to create a photo album in which various Seafolly garments were shown alongside what in Madden’s view were the equivalent White Sands garment, with each page headed “The sincerest form of flattery?”, and to post various comments to the effect that the Seafolly products were a “ripoff” of her own and that Seafolly had been “sneaky” in using a “dummy buyer” to obtain photographs of her garments in May. The photographs in the album
and the heading, together with the words, “Is it just us, or has Seafolly taken a little to (sic) much ‘inspiration’ from White Sands?”, also were sent by Madden to a number of newspapers and fashion industry publications. The story was picked up by online publications, one of which reported that White Sands had accused Seafolly of “plagiarism” and “copying”.

At that point, Seafolly’s media relations agency began receiving a large number of telephone calls and e-mails about Ms Madden’s statements, at least two of which foreshadowed further stories by new publications. In response, Seafolly issued a press release denying Madden’s allegations and noting that the Seafolly garments had been sold, or substantially developed, well before White Sands’ products had hit the market. In a second release some days later, Seafolly noted that six of the eight garments had been sold by Seafolly well before May 2010, and in one case had been sold since March 2009.

On 3 September 2010, Madden’s Facebook page was altered such that both Madden’s comments were removed (by her) and the Seafolly photographs were removed (by Facebook following a take down notice from Seafolly). Madden sought to distance herself from suggesting that she had at any point asserted copying on the part of Seafolly, although she also posted new comments concerning the use of the Sunburn buyer to take photographs (in response to questions from other parties, which it transpired had been asked at Madden’s request) and describing Seafolly as “bullies”. She declined a request from Seafolly’s solicitors to issue an apology and retraction. Seafolly sued Madden for misleading and deceptive conduct, injurious falsehood and copyright infringement.

Seafolly argued that by her various statements, Madden had represented that Seafolly was not the creator of the relevant Seafolly garments, that it had copied them from White Sands, and had been underhanded in using the Sunburn buyer to obtain photographs of the White Sands garments to enable it to do so. In light of Seafolly’s evidence concerning the release dates of the relevant products, it was not in dispute that such representations were false; the question was whether they were conveyed by Madden’s statements. Justice Tracey had little difficulty in finding that the representations were conveyed. Madden also sought to argue that her statements were merely honestly held opinions. His Honour found, however, that the relevant audience would not have understood the statements to be opinions, and in any event, Madden’s claim of honesty was defeated by her recklessness in making the statements against a competitor without bothering to ascertain the facts. His Honour also found that Madden had “sought to influence the attitudes of customers and potential customers of Seafolly” by commenting on the way Seafolly, a competitor, conducted its business and accordingly her statements were made “in trade or commerce”.

In terms of loss and damage, Seafolly faced the not uncommon problem of being unable to demonstrate any diminution of sales or profitability. Justice Tracey was, however, prepared to accept that, although short-lived and of limited distribution, Madden’s statements and the news articles that followed them were a “serious assault” on Seafolly’s commercial reputation for which compensation of $25,000 would be appropriate. In light of Madden’s recklessness and somewhat unrepentant attitude at trial, his Honour also made declarations and granted an injunction. Seafolly’s inability to demonstrate actual loss did mean, however, that its claim under injurious falsehood failed.

Seafolly’s copyright claim failed because it was not the copyright owner in the relevant photographs reproduced by Madden at the time of their reproduction, and led no evidence to show that the owner (who later assigned his rights, including the right to sue for past infringements) had suffered any damage as a result of the infringement.

The case demonstrates the difficulties confronted by businesses in Seafolly’s position. Under Australia’s uniform defamation laws, only relatively small corporations can sue for defamation. At the same time, social media and electronic communications enable competitors who perceive that their intellectual property rights have been infringed to quickly and cheaply air their grievances in a public and potentially persistent forum, rather than level their allegations at the alleged infringer directly (which might, for example, lead to a private resolution or support an action for unjustified threats). The Australian Consumer Law provides one means by which larger corporations can attempt to vindicate their reputation, and potentially that of employees singled out in the dispute.

Madden has filed an appeal against the decision.

1 Where either correspondent was involved in a case reported below, and the matter is still running, the other correspondent has taken the role of reporting that case.
NEW SOUTH WALES

Simon Reynolds
Davies Collison Cave
Correspondent for New South Wales

Novartis AG v Hospira Pty Limited
[2012] FCA 1055

Patents – application for interlocutory injunctions, threatened supply of generic pharmaceutical products, imminent listing of products in the Pharmaceutical Benefits Scheme Schedule, whether prima facie case of infringement, whether balance of convenience and justice favours the grant of interlocutory injunctive relief

Background

Novartis AG is the patentee of Australian Patent No. 2001261283 (the 283 patent) and Australian Patent No. 2001274109 (the 109 patent).

Novartis Pharmaceuticals Australia Pty Limited (Novartis) is the exclusive licensee of each patent. The patents relate to the use of zoledronic acid (a bisphosphonate) in methods of treatment of diseases or conditions affecting the bone, and in the preparation of medicaments used to treat those diseases and conditions.

Novartis markets, sells and supplies two products in Australia, namely Zometa and Aclasta. Zometa is a zoledronic acid 4mg/5ml concentrated injection vial for the prevention of skeletal-related events in patients with advanced malignancies involving bone, and the treatment of tumour-induced hypercalcaemia. Aclasta is a zoledronic acid 5mg/100ml injection solution vial for the treatment of osteoporosis. Zometa and Aclasta are listed on the Pharmaceutical Benefits Scheme (the PBS) Schedule.

Hospira Pty Limited (Hospira) proposed to launch three products in Australia containing zoledronic acid. These products included two oncology products, namely DBL zoledronic acid, concentrated injection, 4mg/5ml product and DBL zoledronic acid, intravenous infusion, 4mg/100ml product, and an osteoporosis product known as OsteoZol, which is a 5mg/100ml intravenous infusion product.

Hospira’s injectable oncology product was registered on the Australian Register of Therapeutic Goods (the ARTG), although an application for registration had been made.

In February 2012, Hospira informed Novartis and Novartis AG that it proposed to launch its products after the expiration date (20 November 2012) of Australian Patent No. 607722 directed toward zoledronic acid per se.

Novartis and Novartis AG sought interlocutory injunctive relief to restrain Hospira’s alleged threatened infringement of claims 2, 3, 4 and 5 of the 283 Patent, and claim 4 of the 109 patent.

The 283 patent described the invention as relating to a method of intravenously administering a bisphosphonate, specifically zoledronic acid, to a patient in need of bisphosphonate treatment.

Claims 2, 3, 4 and 5 concerned the administration of zoledronic acid to a patient over a period of 15 minutes.

The 109 Patent described the invention as relating to the pharmaceutical use of bisphosphonates in the treatment of abnormally increased bone turnover, such as osteoporosis. The 109 patent disclosed that the bisphosphonates included zoledronic acid. Claim 4 concerned the prophylactic treatment of osteoporosis wherein the period between administrations was about once per year or less frequent.

Prima Facie Case of Infringement

Hospira did not dispute the existence of its threatened conduct in relation to its oncology products and its osteoporosis product. Hospira also accepted for the purposes of the applications for interlocutory injunctive relief that there was a prima facie case of infringement of each patent. His Honour stated that in each case, the respondent’s concession was justified and appropriate.

Validity of the 283 Patent

Hospira contended that claims 2 and 3 of the 283 patent were not novel in light of the product information sheet (PI) for Zometa due these claims not being fairly based on matter disclosed in the priority document. Specifically, Hospira argued that there was no real or reasonably clear disclosure in the priority document of a method that involves infusing 4mg of zoledronic acid over 15 minutes.

Yates J stated that it was plainly arguable that the Zometa PI would anticipate claims 2 and 3 of the 283 patent if Hospira’s contention regarding the priority claim was correct. However, His Honour concluded that the priority document indeed
provided a real and reasonably clear disclosure of the subject matter of claims 2 and 3, particularly in relation to examples provided in the priority document. His Honour was therefore satisfied that there was a strongly arguable case that claims 2 and 3 of the 283 patent were entitled to claim priority from the priority document and that the validity of these claims would not be challenged by the Zometa PI.

Hospira contended that claims 2, 3, 4 and 5 of the 283 patent were not novel and, separately, did not involve an inventive step in light of the common general knowledge and three publications. These publications were Berenson 2000, Sorbera 2000, and Body 1997.

In relation to Bereson 2000, this document reported two safety and pharmacokinetic studies conducted in cancer patients with bone metastases. One study included the administration by intravenous transfusion of 4mg of zoledronic acid over 15 minutes. Yates J noted that there was no apparent direction in Bereson 2000 to infuse 4mg of zoledronic acid over 15 minutes for any particular therapeutic outcome. Moreover, there was no evidence that the studies were conducted to test efficacy.

In relation to Sorbera 2000, this document reported on clinical trials using a range of doses of zoledronic acid from 0.024mg to 8mg, infused over various periods, for the treatment of various bone metabolism diseases. His Honour concluded that Sorbera 2000 disclosed providing 4mg of zoledronic acid as a 5-minute infusion.

In relation to Body 1997, this document reported on two Phase I clinical trials using zoledronic acid. The first clinical trial involved dosages in the range of 1.2 to 2.4mg and administered as a single 20-minute infusion. The second clinical trial involved treating patients with lytic bone metastases. Expert evidence indicated that the period of infusion disclosed by Body 1997 was 5 minutes.

His Honour stated that he was not persuaded that any of the three publications necessarily anticipated the relevant claims of the 283 patent.

Hospira submitted that the relevant claims of the 283 patent did not involve an inventive step when seen against the backdrop of the common general knowledge of the person skilled in the art. Additionally, Hospira submitted that the claims did not involve an inventive step in light of the common general knowledge combined with Berenson 2000, Sorbera 2000 and Body 1997, considered separately.

Hospira argued that given what was commonly known about the administration of bisphosphonates, and in particular zoledronic acid, and given that toxicity was a known problem, the person skilled in the art would have been directly led as a matter of course to conduct a dosing trial which would include the administration of 4mg of zoledronic acid in an intravenous infusion over 15 minutes in the expectation that it might well provide a therapeutic result for patients in need of bisphosphonate treatment. His Honour acknowledged that the state of the evidence clearly disclosed a substantial legal and factual dispute that was at this point in time inconclusive. His Honour determined that Hospira’s reliance on the three publications did not materially advance Hospira’s position for challenging the strength of the *prima facie* case of infringement established by Novartis.

His Honour was therefore not persuaded that, on anticipation and obviousness grounds, the *prima facie* case of infringement of the 283 patent established by Novartis was weak, as submitted by Hospira.

### Validity of the 109 Patent

Hospira submitted that claim 4 of the 109 patent was not novel and, separately, did not involve an inventive step, in light of PCT Patent Application No. WO 95/30421 in the name of Ciba-Geigy AG (the C-G application).

The C-G application disclosed the use of certain methanebisphosphonic acid derivatives to prevent prosthesis loosening and prosthesis migration. The document disclosed that certain methanebisphosphonic acid derivatives were useful for prevention or treatment of complications in joint replacement. Zoledronic acid was exemplified as one of the useful bisphosphonates.

Hospira submitted that the treatment disclosed in the C-G application necessarily comprised a prophylactic treatment of osteoporosis. Hospira relied upon expert evidence indicating that although the C-G application did not expressly disclose the administration of zoledronic acid for the prophylactic treatment of osteoporosis, the administration of zoledronic acid for the prevention and treatment of prosthesis loosening would also prevent bone loss in those at risk of osteoporosis. Novartis submitted that the C-G application did
not only fail to expressly disclose the method for treating osteoporosis, but it did not direct, recommend or suggest that the method should be used for anything but prosthesis loosening or migration.

His Honour was persuaded by the arguments presented by Novartis that the C-G application did not direct, recommend or suggest that the method should be used for the prophylactic treatment of osteoporosis.

Hospira’s case on obviousness was advanced along similar lines to that submitted against the 283 patent. In particular, Hospira submitted that, in light of what was known, it would be obvious to a person skilled in the art to try the method as claimed. His Honour again noted the difficulties in assessing the obviousness of the claims at this stage due to the competing facts advanced by the parties. However, his Honour emphasised that Novartis’ expert evidence pointed away from a finding that the invention as claimed in claim 4 did not involve an inventive step.

As such, Yates J was not persuaded that, on the novelty or obviousness grounds, the prima facie case of infringement of the 109 patent established by Novartis was weak, as contended by Hospira.

The Balance of Convenience and Justice
Novartis submitted that they were more likely to suffer from a disturbance of the status quo than if the status quo was preserved for Hospira. Novartis had a long-established position in the market, selling Zometa in Australia since June 2003, whereas Hospira had not yet entered the market. Hospira had also acted with its “eyes wide open”. Additionally, Novartis submitted that the cases for infringement were very strong and Hospira’s invalidity arguments relatively weak.

Novartis also submitted that if interlocutory injunctive relief were refused, damages would be significant, unquantifiable and irreversible. Specifically, if Hospira’s products were listed on the PBS, Novartis would suffer an immediate and likely irreversible 16% statutory price reduction for its Zometa and Aclasta products. As a consequence, this would trigger a price disclosure regime for Zometa and Aclasta and any generic zoledronic acid products that are supplied to private hospitals, retail pharmacies and infusion centres. Additionally, due to increased competition in the market, Novartis would likely implement price discounting to maintain or recover market share. Evidence was presented indicating Novartis would incur a combined loss of tens of millions of dollars over the remaining nine-year term of each patent.

Hospira submitted that damages would be an adequate remedy should, absent interlocutory injunctive relief, Novartis be found entitled to final injunctive relief. Hospira suggested that Novartis had exaggerated the difficulty in quantifying the loss and damage. Hospira argued that an assessment of damages could be made using orthodox techniques. Hospira also submitted that if interlocutory injunctive relief were to be imposed where it ultimately succeeded at the hearing for final relief, it would be impossible to accurately estimate the loss and damage it would suffer due to there being no historical data. Furthermore, Hospira argued that the granting of interim injunctive relief would likely deprive it of being the “first mover” in the supply of generic zoledronic acid.

In weighing up the balance of convenience and justice, Yates J was not persuaded that the Novartis’ case on infringement was weak by reason of Hospira’s challenge to the validity of the patents. His Honour was also of the view that Novartis’ established position in the market and the fact that Hospira was not in a position to enter the market weighed in favour of granting interlocutory injunctive relief. His Honour also was not satisfied that, if interlocutory injunctive relief were not granted, damages would be an adequate remedy, particularly in light of the statutory discount of Novartis’ products resulting from Hospira’s products being listed on the PBS.

Yates J conceded that there would be difficulty in calculating damages if Hospira ultimately succeeded at the hearing for final relief. However, the difficulty of calculating damages was equally difficult for both parties and thus this factor did not favour either party. Whilst His Honour acknowledged that Hospira may be denied the “first mover” advantage if interlocutory injunctive relief were granted, this factor did not weigh as heavily in the balance as suggested by Hospira. Based on these reasons, Yates J was of the view that it was appropriate to grant interlocutory injunctive relief to Novartis.

Orders
Yates J handed down orders on 12 October 2012 in Novartis AG v Hospira Pty Limited (No 2) [2012] FCA 1113, that, inter alia, restrained Hospira from selling, supplying, offering to sell or
supply, soliciting or taking orders for, advertising or promoting, in Australia, any pharmaceutical product which included the active ingredient zoledronic acid, without the licence or authority of the applicants.

Hospira proposed that it be free to file applications for listing under the PBS, wherein such applications would be withdrawn if required to prevent the actual listing. The underlying purpose of this proposal was that Hospira could benefit from a pending application should it be found at the final hearing that Novartis was not entitled to final injunctive relief. Yates J rejected this proposal, explaining that Novartis would still be exposed to a risk of an irreversible statutory price reduction. As such, Yates J ordered that Hospira be restrained from taking any steps to obtain listing under the PBS of any pharmaceutical product that included the active ingredient zoledronic acid. Furthermore, Hospira was ordered to withdraw all pending applications to obtain listing under the PBS for any pharmaceutical product that included the active ingredient zoledronic acid.
Current Developments – New Zealand

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Case Law Developments

The Scotch Whisky Association v The Mill Liquor Save Limited

Wellington High Court, Kos J.
(22 and 30 November 2012)

Trade marks – appeal – opposition – admissibility of reply evidence – Trade Marks Act 2002, ss.17(1)(a) and 32

This appeal (“a case of whisky, or something vaguely like it,” in the words of Kos J) serves as a warning against seeking to adduce evidence in reply which is in reality evidence in chief disguise. It also illustrates the difficulties that can arise from a loosely drafted specification, and provides guidance on the proper interpretation of a specification.

Facts

The Mill Liquor Save Limited (The Mill”), an online liquor retailer, applied to register the word mark MACGOWANS in class 33 for “whisky flavoured spirits; none of the foregoing being whisky”. It had used the MACGOWANS mark on a 13.9% alcohol by volume concoction of water, distilled spirit, sugar, colour, flavour and preservative, together with labelling including “the flavour of the Highlands” and “bottled in Australia”. The product was not “whisky,” and was variously described by the Mill as a “whisky-flavoured spirit” or a “light spirit”. It was sold on The Mill website at a substantially lower price than the cheapest bottle of Scotch Whisky. It fell outside the definition of “whisky” in the applicable Food Standard.

The Scotch Whisky Association (Association) was an international body representing the majority of producers of Scotch Whisky globally. It routinely objected to the registration of trade marks it perceived as adversely affecting the interests of the Scotch Whisky trade. It opposed The Mill’s application for MACGOWANS. When unsuccessful before the Assistant Commissioner of Trade Marks, the Association appealed to the High Court.

At an early stage in the opposition, The Mill sought to amend its specification to “alcoholic beverages”. That application was declined.

The Association contended that:

(a) Use of MACGOWANS was likely to cause consumers to be confused or deceived into thinking that the relevant goods were “Scotch Whisky” (when in fact they were not), or to be otherwise confused as to the origin or nature of the goods, such that registration would be contrary to s.17(1)(a) of the Trade Marks Act 2002 (Act).

(b) Contrary to s.32 of the Act, the applicant had no intent to use MACGOWANS in respect of “whisky-flavoured spirits”, since the product was not “spirits” according to the word’s proper meaning.

The Association’s evidence showed that substantial sales had been made of a number of “Scotch Whisky” brands with the letters “Mc” or “Mac” in their name, that “MacGowan” is a Scots Gaelic name, and that the prefixes “Mac” or “Mc” are associated with Scottish names. The association submitted that, bearing in mind Scotland’s reputation for the production of Scotch Whisky, consumers would expect any whisky or whisky flavoured spirit sold under the mark MACGOWANS to be from Scotland and be misled if this was not the case.

After the applicant’s evidence, the Association filed statutory declarations ostensibly in reply in which witnesses who had been shown a photograph of the MACGOWANS product deposed that they thought it looked like “whisky”, “Scotch Whisky” or “Malt Whisky”. The applicant did not object to this evidence.

The Mill disagreed that the name MACGOWANS was highly evocative of Scotland, and noted that it was not an uncommon New Zealand name. It also noted that the Association had adduced no evidence of confusion or deception.

The Assistant Commissioner (in dismissing the opposition) relevantly held that:

(a) The declarations produced in reply by the Association were not evidence strictly in reply in accordance with Regulation 85 of the Trade Marks Regulations 2003 (Regulations) and were therefore not admissible. Rather, they were in the nature of evidence in chief because they were adducing fresh facts concerning alleged confusion as to the nature of the MACGOWANS product.

(b) Even uninvolved consumers would read the information on the spirits container and any relevant point of sale information to gain basic appreciation of the true
nature of the product. Consumers would expect to see the words “Scotch Whisky” on the label of a product that was in fact Scotch Whisky (those words were not on the MACGOWANS product). The opposed mark and the “Scotch Whisky” trade description were dissimilar. The name “MacGowan” was not determinative of national identity.

(c) The MacGowans product was a “spirit” as a matter of ordinary meaning, even if it was not for the purposes of the relevant Food Standard.

The three issues on appeal were:

(a) Was the Association’s reply evidence admissible?
(b) Would the MACGOWAN mark be likely to deceive or cause confusion?
(c) Had The Mill intended to use the mark applied for in respect of “spirits” (being the key part of the specification of goods applied for)?

Held, allowing the Association’s appeal and refusing registration:

(I) Was the Association’s Reply Evidence Admissible?

(1) The reply evidence should have been excluded. It did not satisfy the real test under Regulation 85, which was whether:
   (a) The “reply evidence” could have been filed in support of the notice of opposition (pursuant to Regulation 82).
   (b) The dominant purpose for it being adduced in reply was to support the original notice of opposition, as opposed to responding directly to something said in evidence from the applicant. [45], [47].

Betterware International Limited v Commissioner of Trade Marks HC Wellington, CP 19/02, 6 May 2002 distinguished.

(2) It would be unreasonable to allow the evidence to be adduced on a “last word” basis without The Mill having the opportunity to answer it [46].

(3) The absence of an objection by The Mill to the filing of reply evidence did not require the Assistant Commissioner to have regard to it. [48]

(4) Even if admitted, serious difficulties lay in the way of drawing cogent conclusions from the evidence. The extent to which either context or labelling getup contributed to the deponent’s perceptions was not clear [32] and [49]

(II) Would the MACGOWANS Trade Mark Be Likely to Deceive or Cause Confusion?

(1) In a case under s.17(1)(a), where the question is not one of inter-mark rivalry, but rather concerns alleged inherent deception or confusion, it may not be necessary for the opponent to establish an awareness, in the relevant market, of the opponent’s goods. [26], [59] to [63]


(2) There was no evidential foundation for the conclusion that purchasers of the MACGOWANS’ product would generally read the label and point-of-sale material carefully, nor that they would expect the words “Scotch Whisky” to be on the label of a product that was in fact Scotch Whisky. [71] and [72]

(3) In making an assessment under s.17(1)(a), it was essential that the Court did not give undue weight to its own appreciation of the market, the Court’s own knowledge simply being part of an available spectrum of views. Each view (in that spectrum) taken into account must be objectively reasonably held, albeit upon differing degrees of inspection or acquaintance with the market generally and the product particularly. [73] and [74]

(4) The Court was required to consider the use of the name MACGOWANS on a whisky-flavoured spirit, in any reasonably likely form of packaging, but without regard to the present labelling referring to “the flavour of the Highlands”, or the words “bottled in Australia”. The product’s getup and packaging other than the mark itself and the ingredients labelling which by law must be present, were to be disregarded. All purchasers would see the MACGOWANS name but only some would look at the ingredients label. [76], [81], [88]

(5) The absence of evidence of any consumers being misled was not a point in The Mill’s favour. It was for The Mill, as the applicant...
for the statutory monopoly, to establish the absence of confusion, not for the opponent to do the opposite. [82]

(6) In the circumstances, and by a narrow margin, it was not likely that a substantial number of notional purchasers would be confused that a tan coloured alcohol bearing the name MACGOWANS, sold potentially in the vicinity of, but at a significant price removed from Scotch Whiskies would be either “Scotch Whisky”, contain “Scotch Whisky”, or come from Scotland. [90]

(7) The possibility of a mere initial doubt on the point was not enough to constitute confusion under s.17(1)(a), even applying the “caused to wonder test,” if the whole of the surrounding circumstances would dispel that impression in all but an insignificant number of relevant potential purchasers. [90]

(III) Had The Mill Intended to Use the Mark in Respect of “Spirits”?

(1) The outcome of the appeal turned on the final issue. The Court was not satisfied that The Mill had established intended use of the mark MACGOWANS in relation to “spirits” of any kind (as required under s.32). Registration was refused on the basis that The Mill had not discharged its onus of establishing an intention to use the mark in respect of “spirits” at the time of the application. In particular:

(a) “Spirits” had to be given the meaning appropriate to its context – namely the meaning adopted by persons who would in fact read the specification. That was not the ordinary consuming public. Rather, the relevant meaning was that adopted by persons such as trade mark examiners and trade mark attorneys, to whom the specification is directed. Those persons were likely to read the word “spirits” as containing a more specific, technical meaning. [102]

(b) Even if a broader, ordinary meaning were given, in order to constitute “spirits” for the purposes of the specification, the intended uses would need to capable of being labelled “spirits”. That was not the case.

(c) It was not possible to move past the dictionary definitions of “spirits” as “strong liquor, distilled”. Rather the MACGOWANS product was a mixture of spirits with water, flavouring and other substances. Its alcohol level could not be described as strong.

(2) The Court’s view in this regard was confirmed by the fact that, after opposition was entered, The Mill sought (unsuccessfully) to change its specification to “alcoholic beverages”. That amendment would have disposed of the issue altogether but the application for amendment had already been rejected. [109]

Merial v Virbac S A

Auckland High Court, Ellis J.
(14 and 13 December 2012)

Trade marks – appeal – admissibility of reply evidence – Trade Marks Act 2002, ss.17(1)(a) and 32

Shortly after its delivery, the decision of Kos J in the Scotch Whisky Association v The Mill Liquor Save was applied by Ellis J in Merial v Virbac S A. In that decision, Ellis J upheld a decision of the Assistant Commissioner of Trade Marks refusing to admit market survey evidence put forward in reply by the opponent directed at establishing a likelihood of confusion between the marks in question. The survey evidence in question was prepared after the filing of the applicant’s evidence in chief.

In refusing to admit the evidence Ellis J quoted at length from Scotch Whisky, and wholly affirmed the approach taken by Kos J. She noted that to allow evidence in reply that was in reality evidence in support of the notice of opposition “creates an opportunity for opponents in trade mark matters to ‘game’ the system, by keeping their forensic powder dry until after an applicant has fired its best (and only) evidential shot. It would […] be fundamentally unfair to allow an opponent to have such a new and substantive ‘last word,’ without the applicant having an opportunity to answer it.”

Sky Network Television Limited v Skyfiber, Inc

Wellington High Court, Mallon J.
(31 October, 19 December 2012)

Trade marks – appeal – revocation – specification – Trade Marks Act 2002, s.66

A third recent case also touches on matters similar to those addressed in Scotch Whisky in relation to specifications of goods. In Sky Network Television
Limited v Skyfiber, Inc, Mallon J. considered an uncontested appeal by Sky Network Television against a decision of the Assistant Commissioner of Trade Marks ruling, in the course of an action by Skyfiber for revocation for alleged non-use, that the SKY registered trade mark specification should be amended.

Many of the items in SKY’s specification were in use, but in some cases only because the items were part of a package, and in all cases the description of the items was widely drawn.

It was necessary for Mallon J. to interpret s.66 of the Trade Marks Act 2002, which provides that a registration may be revoked if it has not been put to genuine use in the course of trade during a continuous period of three years or more in relation to the goods for which it is registered.

After briefly considering United Kingdom law, Mallon J. held that the first task is to find as a fact what goods and services there has been genuine use of the trade mark in relation to, and then to arrive at a “fair specification” of goods having regard to the use made. In determining a “fair specification”, Mallon J. endorsed an approach which is “objective and impartial, balancing the competing interests” (which includes the underlying policy). Mallon J. noted (diverging from UK law) that the view of the relevant trade in this regard will be much more informative than how the notional consumer would describe such use (since the value judgment of what is a fair specification of use requires an understanding of the underlying policy and it is artificial to impute that to the average consumer).

Mallon J. then referred to propositions in the UK case law to offer assistance in determining the appropriate scope of a specification:

(a) The assessment “has nothing to do with the defendant”. Defining the goods negatively by reference to the defendant’s activities is therefore not the approach.

(b) The proprietor has protection outside his or her specification of goods in areas where he or she can demonstrate a likelihood of deception under other provisions. “There is no pressing need, therefore, to confer on the proprietor a wider protection than his [or her] use warrants by unduly broadening the specification of goods”.

(c) The width of the surviving specification “must depend largely on questions of fact and degree”, and “wide words can cover what are commercially quite different sorts of articles”. If there is shown to be use of just one of those things “it would be commercially nonsense to maintain the registration for all goods caused by the wide words”.

In the end result, Mallon J. regarded the amendment settled on by the Assistant Commissioner as unduly narrow and unclear and directed that Sky file a memorandum setting out an accurate specification in light of the conclusions reached.
Starting 2013 in Good Form: A Look at the Latest Amendments to China’s Trade Mark Law

The most recent fourth draft amendments to China’s Trademark Law were published on 28 December 2012 (December Draft). The public has been invited to submit comments until 31 January 2013.

The more notable changes contained in the December Draft are as follows.

Scope of Registrable Marks Expanded

While the current law is limited to visual signs, sound marks have been added to the scope of registrable marks. In addition, a section on single colour marks with distinctive features has been added, which provides that single colours used on goods or packages may be registered as trade marks where they have acquired distinctive features through use and become readily identifiable compared to other goods.

Scents and moving images have not been included in the scope of registrable trade marks in the December Draft as opposed to the June 2009 and March 2010 drafts.

Protection of Well-known and Famous Marks

Improper Well-known Trade Mark Recognition Reasonably Restricted

The December Draft has included a provision which states that well-known marks should only be recognised where necessary. Even though this has been stipulated in a Supreme People’s Court judicial interpretation for several years, it is helpful that it is explicitly stated here. Hopefully, this addition will stop certain abuses of well-known trade mark recognition, especially those obtained by improper means by certain domestic brand owners.

Use of Well-known Trade Mark as Enterprise Name

The December Draft explicitly states that if a right owner’s well-known trade mark or registered trade mark is used as an enterprise name and results in misleading consumers, it will constitute unfair competition and shall be handled in accordance with the PRC Anti-unfair Competition Law. This article explicitly provides the legal basis for the right holder to fight against these types of infringers.

Recognition of Famous Marks Deleted

Recognition of famous marks, which was first included in the September 2011 draft, has now been removed. Some brand owners feel that this is a positive change since it minimises potential local protection and confusion regarding treatment of well-known trade marks versus locally recognised famous trade marks which have existed for a number of years.

Good faith Enhanced

For Trade Mark Applications

The good faith provision in relation to trade mark applications (Article 9), which was removed from the September 2011 draft, is back in the December Draft. This clause states that applications shall be made based on honesty and good faith. How, or if, it could provide practical assistance to fight hijackers is not completely clear but at least the clause is there.

For Trade Mark Agents

The December Draft also mentions that trade mark agencies shall observe the principle of honesty and good faith, but removes the option to invoke this principle as a ground for invalidation or opposition of a hijacked trade mark.

For Damages

A new provision (Article 46) states that any damages caused by the bad faith of a trade mark registrant shall be compensated. This could at least assist in deterring hijackers.

Trade Mark Hijacking More Difficult

An application for trade mark registration will be rejected when the trade mark applied for is identical or similar to another person’s trade mark, the applicant has a contractual or business relationship, or any other relationship with the said person, and the latter raises an opposition. Though the wording arguably does not extend far enough, the section should at least become an added tool for brand owners in terms of dealing with trade mark hijacking by business partners such as distributors and manufacturers.

The Trade Mark Application Process

Multi-class and E-filings

The December Draft affirms that multi-class applications will be provided for via e-filing or hard copy.
Opportunity to Amend an Application
An opportunity to amend and change the trade mark application within 30 days from the date of the issuance of the Examiner’s Advice from the CTMO has been added. This is an additional procedure during the trade mark examination process which will aid brand owners in obtaining approval for applications that might otherwise have been rejected.

Time Limit for Appeals Extended
Appeal to the Trademark Review and Adjudication Board (TRAB) against a refusal or invalidation decision rendered by the China Trademark Office (CTMO) is extended from the previous 15 days to 30 days. Appeal to the court against a decision imposing fines by an administrative department for industry and commerce (AIC) is extended from the previous 15 days to two months.

Oppositions and Invalidation Procedure Changed
Opponent’s Identity
Only a pre-existing right owner or an interested party, instead of any party has the right to oppose a preliminarily approval of a trade mark. The definition of what constitutes “prior rights” and “an interested party” is an issue that will need further clarification. This amendment can potentially make it harder for brand owners to file oppositions.

CTMO’s Decision Not Appealable for the Opposing Party
The December Draft provides that the CTMO can directly decide in an opposition whether to approve the registration. A mark will proceed to registration if the opposition fails. If the opposing party does not agree with the decision, it will need to apply for invalidation to the TRAB, instead of delaying the prosecution process by filing appeals. However, the applicant can appeal against an unfavourable opposition decision via TRAB. This is one of the changes that could increase and arguably encourage bad faith and hijacking actions. In addition, there has been discussion that the inability of an opponent to appeal the CTMO’s decision contradicts the basic premise of China’s administrative laws.

Responsibility for Certain Invalidations Assigned to the CTMO
If a registered trade mark has become a generic name of the designated goods, a party may apply to the CTMO instead of to the TRAB for invalidation.

Trade Mark Invalidation Date Clarified
Invalidated registered trade marks shall be published by the CTMO, and the right of exclusive use of the registered trade mark is terminated on the date of publication, instead of the effective date of the decision.

Trade mark Infringement Acts Expanded
The definition of infringement has been expanded by providing that intentionally facilitating trademark infringements, or helping others to conduct activities which infringe the exclusive trade mark rights of others, is regarded as infringement. This expands the scope to arguably include contributory infringement.

Conflict between Courts and AIC
During AIC enforcement, if there is any dispute over the trademark rights or the right owner concurrently files for civil trade mark infringement litigation, the AIC can stay the case. It provides the legal basis to avoid potential conflicts between AIC decisions and court judgments. However, it may also result in delaying administrative enforcement.

Calculation of Fines and Damages
Illegal Turnover
Where illegal turnover exceeds RMB50,000, a fine of no more than 20% of the illegal turnover may be imposed for acts such as passing off a registered trade mark or offering goods of poor quality which deceive consumers into believing that it is of high quality. Where no illegal turnover exists or the illegal turnover is no more than RMB 50,000, a fine no more than RMB10,000 may be imposed.

Punitive Compensation
If the trade mark infringement with bad faith is serious, the compensation should be 1-3 times of the actual losses suffered by the right holder, or the infringement gains, or the license fees.

Statutory Damages Increased
If the court cannot determine the damages based on losses, gains or licence fees, the highest statutory damage will be RMB 1 million, which is an increase from RMB500,000 under the current law.

Three Years’ Use Required
In case the defendant argues that the registered trade mark was not actually used, the right holder must provide evidence to prove actual use within
the last three years. If the right holder fails in proving the actual losses and use suffered through the infringement, the defendant will not bear the liability to compensate. This is a highly debated clause and will affect the filing and enforcement strategy of most clients. It will also highlight once again the debated issue regarding what constitutes use of a trade mark in China.

**Burden of Proof Partly Reduced**

More power is given to the People's Courts to request materials from the infringer when determining the compensation amount. Once infringement is established, and if the right holder has provided the necessary proof, the court can order the infringer to provide books and materials relevant to the infringement, in order to determine the amount of compensation. If the infringer fails to provide or provides false books or materials, the People's Court may determine the amount of compensation by referencing the evidence provided by the right holder.

In summary, the December Draft aims to simplify the application process, maintain fair competition, and enhance protection of trademark rights by strengthening enforcement and good faith provisions. It also tries to add protection for well-known marks. Some of the clauses are beneficial to IP owners whereas others seem to diverge from traditional trade mark doctrine. It remains to be seen if or when there is a fifth draft after the public consultation.

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**SINGAPORE**

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*Novartis AG and Anor v Ranbaxy (Malaysia) Sdn Bhd*

*[2012] SGHC 253*

**Introduction**

In this case, the Singapore High Court had to deal with various issues concerning patent amendment and the role of patent attorneys as expert witnesses. The plaintiff had applied for leave to amend the claims in its patent, pursuant to O 87A r 11(6) of the *Rules of Court*, in order to distinguish their patent from prior arts cited by the defendant.

The defendants opposed that application on the basis that the amendments would "[disclose] additional matter", which is prohibited by s.84(3)(a) of the *Patents Act*.

The Court ultimately rejected the defendants' assertions and granted the plaintiff leave to amend its claims, as it adjudged that none of the proposed amendments would add matter which had not already been disclosed in the application.

In the process, the Court also made a number of important clarifications to the state of patent law in Singapore.

**The Law on Intermediate Generalisation**

The Court took this opportunity to acknowledge that the principle of intermediate generalisation existed within Singapore law. This principle had recently been recognised by the European Patent Office and also the English Courts.

In a nutshell, intermediate generalisation is an impermissible way of amending the patent. It occurs when the party seeking to amend the claims takes features which are only disclosed in a particular context and which are not disclosed as having any inventive significance and introduces them into the claim deprived of that context. For example, in a patent claim for a crimping device, the patentee might have mentioned a stop, to prevent the crimping from going too far. If the stop was mentioned just in general (as opposed to specifying a particular kind of stop), and the amendment sought to refer to one particular kind of stop, that would be intermediate generalisation.
and impermissible as that would give prominence to something that was not previously pointed up in the description.

At this point, the Court found it imperative to highlight the European provenance of this concept, and cautioned against adopting any principle unthinkingly without an examination of its compatibility with the local statutory regime.

However, in Singapore, the Court found that the principle of intermediate generalisation was already subsumed under the prohibition against added matter, under s.84(3)(a) of the Patents Act. This was because the question which the test of intermediate generalisation sought to answer was precisely the same as the test of added matter, namely whether a person skilled in the art would learn something new which had not already been disclosed in the patent specifications.

**Undue Delay in Amending Patents**

The defendants in this case also alleged that leave to amend should not be granted as there was an undue delay on the part of the plaintiff in applying to amend the patent claims. The focus here was on how undue the delay was. A mere delay would have been insufficient to justify refusal of amendment – there must have been or be likely to be some detriment to the defendants or to the general public caused by such delay before it can be an effective bar to relief.

However, the Court also referred to the Court of Appeal's remarks in *FE Global Electronics Pte Ltd v Trek Technology* [2006] 1 SLR(R) 874 which highlighted that the modern context calls for a more lenient approach towards amendments, as the patent registration system nowadays already does an effective job of limiting the scope for abuse. This was because patent examination reports are all available for public inspection, and so adverse parties are able to evaluate the validity and strength of patents which have been filed and are less likely to be surprised, and consequently prejudiced, by subsequent amendments which may be sought by the patentee, even if this takes place during the course of patent litigation.

On the facts here, there was no such undue delay. The defendants had argued that the plaintiff unduly delayed amending its claims after discovering prior arts in the course of proceedings before the European Patent Office. However, the Court found that it was perfectly acceptable for the plaintiff to do nothing in relation to those prior art in the belief that they would, and actually did, succeed before the European Patent Office, and in the case where amendment was required, it was also perfectly reasonable for the plaintiff to endeavour to first prosecute the amendment in Europe, and then take out an application in Singapore after obtaining a ruling upon its amendment application, when the necessity arose.

**Patent Attorneys as Expert Witnesses**

There was also a preliminary issue regarding whether the defendants’ patent attorney was sufficiently qualified to be an expert witness in the proceedings. One of the arguments that the plaintiff made was that the defendants’ expert, being a patent attorney with a degree in chemistry, was insufficiently qualified as he had no practical experience in the subject matter of this proceeding, the formulation of tablets.

The plaintiff relied on two cases, *Ng Kok Cheng v Chua Say Tiong* [2001] 2 SLR(R) 326 and *ASM Assembly Automation Ltd v Aurigin Technology Pte Ltd* [2010] 1 SLR 1 which rejected patent attorneys as expert witnesses. In the former case, the patent attorney was held not to be a person of practical interest in the subject matter (the design and making of locks), and in the latter case, it was found that the American patent attorney responsible for prosecuting the plaintiff's US patent could not be considered an expert and that his views were "not relevant to issues pertaining to the views of a person skilled in the art".

However, the Court found differently. In its view, patent attorneys were capable of assisting the court in relation to the disclosures made in patent specifications, on the construction of the ambit of the claims, and on their experience concerning the relevant art.

It was also not an immutable rule or a necessary condition that expert witnesses must always have practical experience in the field of the invention. However, the usefulness of the patent attorney's evidence depended on the nature of his experience in relation to the relevant art and the nature of the issues raised.

On the facts however, the evidence of the defendants’ patent attorney expert witness was only of limited utility as the issues before the Court did not bear a strong relation to his expertise as a patent attorney who often prosecuted pharmaceutical patents in matters before the European Patent Office.
Conclusion
On the facts of this case, leave was granted for the plaintiff to amend its patent claims, as the proposed amendments did not disclose new matter or broaden the claim in any way. In fact, the amendments would only have the effect of narrowing the claims, which is not prohibited under s.83 of the Patents Act.

Intuition Publishing Ltd v Intuition Consulting Pte Ltd
[2012] SGHC 149

Introduction
In this case involving trade mark infringement and passing off, the plaintiff, Intuition Publishing Ltd, provides technology-enabled learning services to the financial services industry, the medical/life sciences industry and the public sector. It is the registered proprietor of the “INTUITION” word mark in classes 9 and 16 and the “                      ” mark in classes 9, 16, and 41 (collectively referred to as the “Marks”). The defendant, Intuition Consulting Pte Ltd, provides bespoke, or customised, consultancy training services to multinational companies in the information technology business.

The plaintiff sued the defendant for passing off and trademark infringement under ss.27(1), 27(2), and 27(3) of Singapore Trade Marks Act for the defendant’s use of the word signs: “intuition”, “INTUITION”, “intuition consulting”, “INTUITION CONSULTING”, and “Intuition Consulting Pte Ltd” signs and the device signs: “                              ” and “               ” sign (collectively referred to as the “Signs”). The Singapore High Court determined that the plaintiff's claims failed on all grounds and their reasoning was as follows.

Section 27(1) of the Singapore Trade Marks Act (Act)
In order for a claim under s.27(1) of the Act to succeed, the plaintiff must prove that the Signs are identical to one or more of the plaintiff’s Marks and any such identical Sign(s) and Mark(s) are applied on identical goods or services.

Likeness of the Plaintiff’s Marks and the Defendant’s Signs
The Singapore courts have adopted a strict approach in examining the degree of likeness of a mark and a sign and minor differences would make the mark and sign non-identical. Therefore, only the “intuition” and “INTUITION” signs were held to be identical to the plaintiff’s “INTUITION” word mark.

Are the Goods and Services Identical?
The defendant’s “intuition” and “INTUITION” signs were used in relation to bespoke services and the “intuition” sign was further used in relation to training materials. The Court compared the specifications in classes 9 and 16 of the plaintiff INTUITION” word mark with the defendant’s bespoke services and training materials and held that they were not identical. This is because the specification of the “INTUITION” word mark relates only to goods and does not cover services like the defendant’s bespoke services. Likewise, the specifications of the “INTUITION” word mark do not cover the defendant’s training materials.

Therefore, the plaintiff failed under s.27(1) of the Act. It is interesting to note that the plaintiff could have, but did not, include in the specifications for the “INTUITION” word mark, the specifications which it did for the “                     ” mark, in particular, the specification “training, educational and reference books, booklets, instructional materials and newsletters”. If the plaintiff had done so, s.27(1) of the Act perhaps would have been established.

Section 27(2)(b) of the Act
In order for a claim under s.27(2)(b) of the Act to succeed, the plaintiff must prove similarity of the Marks with the Signs, usage of the same in relation to identical or similar goods or services, and a likelihood of confusion on the part of the public would arise as a result.

Element 1: Similarity of the Marks with the Signs
A two-step approach was applied to determine the similarity between the Marks and the Signs. The distinctiveness of the Marks is first considered before determining whether there is visual, aural and conceptual similarity between the Marks and the Signs.

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Distinctiveness of the Marks

The “INTUITION” word mark is not purely descriptive of the goods and services which the plaintiff provides since it brings to mind a quality of mind rather than a service or a product. The Court ruled that it probably lies in the middle of the spectrum between the highly fanciful and the obviously descriptive and this gives it some degree of distinctiveness.

Visual Similarity of the Marks with the Signs

The Court looked at the length, structure and whether the same letters are used in the Marks and the Signs to determine visual similarity. The “intuition” and “INTUITION” signs were held to be visually similar and the other word signs visually dissimilar, as they have different number of words and letters from the “INTUITION” word mark. The device signs were held to be similar as the visual impact of the word component “INTUITION” would be more significant than that of the device.

Aural Similarity of the Marks with the Signs

The Court carried out a quantitative assessment, considering whether the Marks and the Signs in question have more syllables in common than not. The “intuition” and “INTUITION” signs were held to be aurally similar and the other word signs aurally dissimilar as they have different number of syllables and include one or more pauses in pronunciation. The device signs were held to be similar as the aural impact of the word component “INTUITION” would be more significant than that of the device.

Conceptual Similarity of the Marks with the Signs

The Court looked at the ideas that lie behind the Marks and Signs and determined that all the Signs were conceptually similar to the “INTUITION” word mark. The Court felt that the “intuition consulting”, “INTUITION CONSULTING”, “Intuition Consulting Pte Ltd” signs could give the impression that the defendant is a subsidiary or branch of a parent “INTUITION” company. Similarly, the device signs were conceptually similar to the Marks as the “Crazy Wayne” device in the device signs which indicates some activity going on in a human head is similar to the idea behind the word “INTUITION” of a direct perception of truth or fact independent of any reasoning process or a keen and quick insight.

Given that the “INTUITION” word mark is somewhat distinctive, the Court placed higher emphasis on the conceptual similarity and held that all the Signs were similar to the Marks.

Element 2: Similarity of Goods and Services

The Court applied the factors enumerated by Jacob J in British Sugar PLC v James Robertson & Sons Ltd. 1996 R.P.C. 281 and found that the defendant’s bespoke services and training materials were somewhat similar to the goods and services protected under the Marks.

Element 3: Likelihood of Confusion

The plaintiff failed to establish that there is a likelihood of confusion on the part of the public arising from the similarity of the Marks and Signs and identity or similarity of the protected goods and services. The relevant audience comprised training managers and associates who source for or commission educational programs, and not the general public. The plaintiff adduced testimonies from three individuals but they were not part of the relevant group as defined by the Court.

Therefore, the plaintiff failed under s.27(2)(b) of the Act.

Well-known Trade Marks

The plaintiff failed to establish that the use of the defendant’s Signs in relation to the defendant’s goods or services would indicate a connection as to origin or in a business sense. This is because, while the similarity of the defendant’s Signs could suggest that the parties are economically linked, the relevant consumers would probably not mistakenly think that the defendant is a subsidiary of, or was licensed by, the plaintiff because they would probably know that the plaintiff also provides customised training programmes (as advertised on its website), albeit relatively less often, and would not think that the plaintiff has set up a subsidiary or licensed another firm to do the same.

Therefore, the plaintiff failed under s.27(3) of the Act.

Tort of Passing Off

To establish the tort of passing off, the plaintiff must prove goodwill, misrepresentation and damage. The Court found that the plaintiff did not establish that it has goodwill in the Marks. In particular, the plaintiff was unable to show any evidence of extensive promotion, marketing, sales, and usage of the Marks in Singapore.

Therefore, the plaintiff failed under the tort of passing off.
Conclusion
Even though the Marks and the Signs were found to be similar, the plaintiff was still not able to prevail in its action. This case highlights the importance of the coverage of trade mark specification as the outcome could perhaps have been different if the specification of the “INTUITION” word mark had included “training, educational and reference books, booklets, instructional materials and newsletters”. It also highlights the need to identify the relevant target consumers of the goods and services of the parties so that evidence of a likelihood or actual confusion can be proven.

Data Protection Act

Introduction
Singapore has recently enacted a new Personal Data Protection Act 2012 (No. 26 of 2012) (Act). The purpose of this Act is to govern the collection, use and disclosure of personal data by organisations in a manner that recognises both the right of individuals to protect their personal data and the need of organisations to collect, use or disclose personal data for purposes that a reasonable person would consider appropriate in the circumstances.

Previously, the protection of personal data was governed by segmented legislative and regulatory frameworks that applied to various sectors. Companies could also elect to adopt the non-binding and voluntary Private Sector Model Data Protection Code However, compliance with the Model Code was voluntary.

Now, the establishment of the Act is intended to be a baseline law applicable to all organisations in Singapore, and designed to operate concurrently with other existing legislative and regulatory frameworks.

The Act will come into operation and be enforced in phases, with the provisions relating to the main data protection coming into force in mid-2014. After the transition period, all organisations are to be in compliance with the provisions of the Act.

Regulating Authority
The recently enacted Personal Data Protection Commission (Commission) serves as Singapore’s main authority in matters relating to personal data protection and will represent the Singapore Government internationally on data protection-related issues. The Commission’s website can be found at <http://www.pdpc.gov.sg/>.

Features of the PDPA

Scope of Application
There are no registration requirements, and the Act will apply across the board to all relevant organisations. It should be noted that “organisation” is defined in the Act includes any individual, company, association or body of persons (corporate or unincorporated), whether or not –

- Formed or recognised under the law of Singapore.
- Resident, or having an office or a place of business, in Singapore.

Data Protection Officers
The Act will require organisations to designate one or more individuals to be responsible for ensuring that the organisation complies with the Act, though an individual designated above may also delegate to another individual the responsibility for ensuring that the organisation complies with the Act.

Scope of Protection
(a) Protection as to use, collection, disclosure of personal data

Organisations may only collect, use, or disclose personal data when:

(i) They have obtained consent from the individual to the collection, use, or disclosure of the personal data; or

(ii) They are deemed to have obtained consent from the individual to the collection, use, or disclosure of the personal data.

“Personal data” is defined in the Act to mean data, whether true or not, about an individual who can be identified (a) from that data; or (b) from that data and other information to which the organisation has or is likely to have access.

The Act also prescribes the method of obtaining consent. The provision of consent involves the organisation notifying the individual of the purpose of the collection, use or disclosure of the personal data.

Further, the collection, use or disclosure of the personal data about an individual must only be for the purposes that a reasonable person would consider appropriate in the circumstances, or purposes to which the individual has been notified of. Such notification must be made in
accordance with certain guidelines set out in the Act.
Organisations may collect, use or disclose personal data without the individuals consent only in the specific circumstances prescribed in the Act.

(b) Protection against transfer out of Singapore
Transfer of personal data out of Singapore is allowed, provided that the organisation ensures that a comparable standard of protection (as set out in the Act) is accorded to personal data that is to be transferred overseas.
An organisation may apply to be exempted from any requirement prescribed under the Act in respect of any transfer of personal data out of Singapore. An exemption may be granted on such conditions as the Minister for Communications and Information may require. An exemption may be granted on such conditions as the Minister for Communications and Information.

(c) Personal data security measures
Organisations are obligated to protect personal data in their possession or under their control by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks.

Enforcement
The Commission may, if it is satisfied that an organisation is not complying with any provision of the Act, give the organisation such directions as the Commission thinks fit to ensure compliance. Such direction may include:
• Stop collection, using or disclosing personal data.
• Destruction of personal date.
• Directions to provide access to or correction of personal data.
• Directions to pay a financial penalty not exceeding $1 million.
These directions may be registered with the Singapore District Courts in accordance with the Singapore Rules of Court as to give the directions enforceability as if it were an Order of the Court.

Directions given are subject to reconsideration upon written application by any aggrieved party. Reconsiderations will be heard by the Commission. Directions may also be subject to appeal to an Appeal Committee. The Appeal Committee will be chosen from an Appeal Panel appointed by the Minister for Communication and Information.
Directions may only be appealed to the High Court and Court of Appeal with regard to:
• A point of law arising from a direction or decision of the Appeal Committee; or
• Any direction of the Appeal Committee as to the amount of a financial penalty.
Any person who has suffered loss or damage directly as a result of a contravention the Act is also entitled to pursue a private action. However, where the Commission has already made a decision with regard to the said loss or damage, a right of private action will only lie after the decision has become final as a result of there being no further right of appeal.

JAPAN
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IP High Court of Japan Swings to the Rescue of TARZAN Trade Mark
In a pro-owner decision, the Intellectual Property High Court of Japan (IPHCJ) invalidated a third party’s trade mark registration ทาาร์จาน “Tarzan” in katakana on the ground that it was contrary to public order or morality, thereby reversing the Board of Appeals of the JPO decision [Edgar Rice Burroughs Inc. v Star Seiki K.K., Case No. Heisei 23 (gyo-ke) 10399 dated 27 June 2012].
The appellant, Edgar Rice Burroughs, Inc. (ERB) is a California corporation that has been in existence since 26 March 1923 and was incorporated by the author of the novel “Tarzan”. It is a rights management company of the fictional character which had been successfully adapted into live action movies, TV shows and other forms of media entertainment over the years.
Star Seiki K.K. (SS) filed an application for the mark ทาาร์จาน “Tarzan” in katakana for goods in class 7 covering “robots for plastic molding machines” on 20 January 2010. The primary
Current Developments – Asia

business of SS, incorporated in Aichi, was the
design development, manufacture, sales, service,
inspection, and maintenance of industrial robots.
The mark was registered on 16 July 2010 (Trade
Mark Registration 5338568). ERB filed the
invalidation against the unauthorised registration
for the “Tarzan” mark on 4 February 2011.

ERB argued that the mark was registered in
violation of s.4(1)(vii) of the Japanese Trademark
Law which prohibits the registration of trade marks
against public order or morality. At first instance,
the Japanese Patent Office (JPO) dismissed ERB’s
invalidation appeal on 26 July 2011, finding that,
although the public in general would recognise
“Tarzan” as the “King of Jungle”, many people
would not recognise it as the title or the main
character of Burroughs’ novel.

The JPO noted that ERB owned 44 registered
trade marks relating to “Tarzan” in Japan but no
trade mark registration in class 7. ERB had the
opportunity to register a trade mark in class 7 but
chose not to do so. In such a case, the interests of
the parties should be solved as a private issue and
there was no room to apply s.4(1)(vii). It is worth
noting that Japan is a strict first-to-file jurisdiction.

ERB appealed to the IPHCJ, arguing that because
of various comics, TV shows and movies which
feature “Tarzan”, e.g. the Disney movie “Tarzan”,
consumers would recognise “Tarzan” as the title
of Burroughs’ novel and also as ERB’s mark. ERB
further claimed that the defendant had a bad intent
to “steal” and use as well as to get a free-ride on the
name and image of “Tarzan” which damaged not
only this well-known product of American culture
but also the feelings and the pride of the American
people which would be against international faith.

The IPHCJ found that ERB had conducted
numerous long standing and substantial
commercialisation and merchandising activities
involving the Tarzan mark over the years in the
United States, Japan and around the world.
Nevertheless, the IPHCJ rejected the well-known
status of “Tarzan”, stating that very few people
knew that Tarzan was the character featured in
the novel by Burroughts. The Court also dismissed
the ERB’s claim that SS had a bad intent to
“misappropriate” the trade mark.

However, the Court stated that:

…where a copyright of a novel which created
a certain character is still valid and there is
a company managing and maintaining the
cultural and economic value of this character,
it is not appropriate, from the viewpoint of
fair trade, for a third party to have exclusivity
on that mark for certain goods or services and
to exclude the company from exploiting the
mark just because the third party applied first.
This is also true when taking into account
that trade marks are renewable and can exist
almost perpetually.

The IPHCJ decision is to be applauded as it
recognises that fictional characters are valuable
intellectual property assets and sought to prevent a
classic trade mark injury: a later market entrant or
“junior owner” trading on the goodwill built up by
the senior owner of the mark and established the
public order/morality ground as an effective check
against the potential abuses of Japan’s first-to-file
trade mark registration system, especially when a
third party attempts to appropriate and potentially
divert the senior trade mark owner’s goodwill in the
trade mark.

* Board Member, SHUSAKU YAMAMOTO, Osaka, Japan. This
article reflects only the personal views of the author and should not
be attributed to the author’s Firm or to any of its present or future
clients.
“Sustained growth in IP filings indicates that companies continue to innovate despite weak economic conditions. This is good news, as it lays the foundation for the world economy to generate growth and prosperity in the future,” said WIPO Director General Francis Gurry.

China’s State Intellectual Property Office (SIPO) overtook the United States Patent and Trademark Office (USPTO) in 2011 to become the largest patent office in the world, after having surpassed the Japan Patent Office (JPO) in 2010. In the 100 years before 2011, only three patent offices – Germany, Japan and the United States – had occupied the position of largest office.

In the Report’s foreword, Mr. Gurry points out that “even though caution is required in directly comparing IP filing figures across countries, these trends nevertheless reflect how the geography of innovation has shifted.”

**Patents & Utility Models**

For the first time in 2011, the total number of patent applications filed worldwide exceeded the two million mark. The 2.14 million applications filed consisted of 1.36 million resident and 0.78 million non-resident applications. Following a drop of 3.6% in 2009, patent applications rebounded strongly in 2010 with growth of 7.5% and with 7.8% growth in 2011.

In 2011, China received 526,412 applications compared to 503,582 for the US and 342,610 for Japan. The growth in patent filings in China was mostly due to sharp growth in resident filings.

World Intellectual Property Indicators 2012 shows that patent filings worldwide grew by 7.8% in 2011, exceeding 7% growth for the second year in a row. Similarly, UM, industrial design and trade mark filings increased by 35%, 16% and 13.3%, respectively.

IP grows despite economic woes

In 2011, China received 526,412 applications compared to 503,582 for the US and 342,610 for Japan. The growth in patent filings in China was mostly due to sharp growth in resident filings.
Between 2009 and 2011, patent filings worldwide increased by 293,900. The SIPO accounted for 72% of this increase.

The majority of the top 20 offices saw growth in patent filings in 2011 with China (34.6%), China Hong Kong (SAR, 15.3%) and South Africa (13.5%) seeing double-digit growth. Filing behaviour at offices of middle- and low-income countries show mixed trends. The offices of Algeria (11.3%), Madagascar (41.9%) and Saudi Arabia (6.3%) saw considerable growth in 2011, mainly due to growth in non-resident filings. In contrast, Guatemala (-13.1%), Jamaica (-27.6%) and Jordan (-15.6%) saw substantial filing declines.

Data by applicants’ country of origin show that residents of Japan filed the largest number of applications (472,417) across the world in 2011. China, which saw 41.3% growth in 2011, overtook the US to become the second largest country for origin counts.

The field of digital communication saw the highest average annual growth rate (+8.1%) between 2006 and 2010. Filings for pharmaceuticals have continuously declined since 2007. Computer technology accounted for the largest number of applications (126,897) filed worldwide.

Patent applications for four energy-related technologies – fuel cells, geothermal, solar and wind energy – increased by 8% in 2010 to 34,873. Residents of Japan filed the largest number of applications relating to solar energy and fuel cell technologies, while residents of Germany and the US accounted for the largest numbers of applications relating to geothermal and wind energy, respectively.

In 2011, the estimated number of patents granted approached the 1 million mark, with 606,800 issued to residents and 390,000 to non-residents. Grants worldwide grew by 9.7% in 2011. The JPO (with 238,323) granted the largest number of patents, followed by the USPTO (224,505).

The number of potentially pending applications worldwide – defined as all unprocessed applications at any stage in the applications process – declined by 4.9% in 2011, following a 3.3% decrease in 2010. The JPO was the main contributor to this trend. Based on estimates from 76 offices, the number of potentially pending applications worldwide stood at 4.8 million in 2011.

An estimated 670,700 UM applications were filed across the world in 2011, corresponding to a 35% increase on 2010. Filings at the SIPO accounted for most of this increase. Residents of Japan and the US filed the largest numbers of UM applications abroad, of which a large proportion were received by the SIPO.

**Trade Marks**

A record 4.2 million trade mark applications were filed worldwide in 2011. Around 6.2 million classes were specified in these applications. Of the 6.2 million application class counts, residents accounted for 4.5 million and non-residents for 1.7 million.

Applications grew by 13.3% in 2011, while application class counts saw a 9.6% increase. Rapid growth in filings in China has been the main contributor to growth in recent years. In 2011, China accounted for 61.8% of growth worldwide.

The majority of the top 20 offices saw growth in filings in 2011 (based on class count data), with China (31.2%), Brazil (21.6%), the United Kingdom (16.4%) and China Hong Kong, SAR (16.1%) recording the fastest growth. The IP office of India has also seen considerable increases over the past few years. In fact, India surpassed Japan in 2010 and the Republic of Korea in 2011.

German applicants filed more than 2.1 million equivalent applications worldwide in 2011. Residents of China (1.4 million), the US (1.3 million) and France (1.0 million) were the only three other origins to have filed more than a million applications each. The bulk of Chinese filings were filed domestically. In contrast, the majority of the applications originating in Germany, France and the US were filed abroad.

**Industrial Designs**

Industrial design applications worldwide grew strongly over the last two years. In 2011, design filings increased by 16%, following 13.9% growth in 2010. This considerable growth was mostly due to strong growth in China. The SIPO accounted for 90% of total growth from 2009 to 2011. The 775,700 industrial design applications filed worldwide in 2011 consisted of 691,200 resident and 84,500 non-resident applications.

Unlike patents, the list of top 20 offices includes eight offices located in middle-income countries. China – a middle-income country – received the largest number of design applications (521,468) in 2011. Turkey, another middle-income country, received 41,218 filings, which is larger than the
number of filings at the JPO or the USPTO. Between 2010 and 2011, the IP offices of China (23.8%), India (16.7%), Mexico (17.2%), Turkey (17.6%) and Ukraine (17.5%) each saw rapid growth in filings.

**Plant Variety Protection**

Between 1995 and 2011, the number of plant variety applications worldwide increased from 10,000 to over 14,000. In 2011, they grew by 7.8% – the fastest growth since 2007. Growth in applications in Israel and the Community Plant Variety Office (CPVO) of the European Union (EU) accounted for 60% of the total growth in 2011.

The CPVO received the largest number of applications (3,184), followed by the offices of China (1,255), the US (1,139), Japan (1,126) and Ukraine (1,095).

**WIPO Advances Toward Treaty to Facilitate Access to Published Works by Persons with Print Disabilities, Morocco Offers to Host Diplomatic Conference**

**Geneva, 18 December 2012**

PR/2012/727

Meeting in extraordinary session, the WIPO General Assembly took a landmark decision today to convene a diplomatic conference in 2013 to complete negotiations on a pact to improve access to copyrighted works for the many visually impaired and people with print disabilities around the world. The General Assembly also expressed gratitude to Morocco for its offer to host the diplomatic conference.

WIPO Director General Francis Gurry welcomed the constructive spirit of engagement among Member States and the decision to convene a diplomatic conference in 2013 to agree on the provisions of an international treaty. “Member States took an important decision today in our collective efforts to facilitate access to copyrighted works for the many visually impaired and persons with print disabilities around the world. The General Assembly also expressed gratitude to Morocco for its offer to host the diplomatic conference.

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While some countries have domestic legislation that grants limitations and exceptions for use of copyrighted works by visually impaired and people with print disabilities, there is a legal vacuum at the international level. Since 2004, WIPO's Standing Committee on Copyright and Related Rights (SCCR) has considered whether certain limitations and exceptions should be harmonised internationally. WIPO's General Assembly today decided that discussions relating to a future treaty to benefit visually impaired and people with print disabilities are sufficiently advanced and mature to convene a diplomatic conference. The convening of a diplomatic conference signals entry into the final phase of treaty negotiations.

Some 300 million blind or visually impaired people around the world stand to benefit from a more flexible copyright regime adapted to current technological realities. Individuals with reading impairment often need to convert information into Braille, large print, audio, electronic and other formats using assistive technologies. Only a very small percentage of published books around the world are available in formats accessible to the visually impaired.

The General Assembly also decided to convene a special session of the SCCR in February 2013 to advance work on the text of the draft treaty prior to the diplomatic conference, which will be held in June 2013. At the end of the February SCCR, Member States will decide "whether additional work is required with the objective of holding a successful Conference in June 2013."

The current text of the treaty reflects significant agreement among Member States, though some differences remain. Among the issues on which member states need to reach agreement are questions relating to commercial availability – in other words, what happens in places where a title is commercially available in an accessible format; and how cross-border transfer of accessible works will take place between countries. Also, Member States must agree on how to treat the traditional formulation of the provision for national law limitations and exceptions in the draft treaty text (the so-called three-step test).

At the conclusion of the General Assembly, member states convened the Preparatory Committee of the Diplomatic Conference to conclude a Treaty to Facilitate Access to Published Works by Visually Impaired Persons and Persons with Print Disabilities to consider the venue and modalities for the diplomatic conference.
Like patents, UMs protect inventions for a limited period of time. However, the terms and conditions for granting UMs are different from those for “traditional” patents. In certain countries, UMs are known as “petty patents”, “short-term patents” or “innovation patents”.

The income groups correspond to those used by the World Bank. Economies are divided according to 2011 gross national income per capita.

The micro-structure and nano-technology field saw 11% growth in 2011, but it accounts for a relatively small number of applications (988 applications in 2011).

Technology data are a combination of those taken from the WIPO Statistics Database and the PATSTAT database of the European Patent Office (EPO) (using the April 2012 edition of the PATSTAT database). The latest available data are for 2010.

Class counts refer to the number of classes specified in trade mark applications. Offices use either single or multiple-class filing system. Class counts account for this institutional difference and thus enable better comparisons of filing figures across offices.

The concept of equivalent applications takes account of the fact that an application at a regional office can cover multiple jurisdictions. Equivalent applications data are expressed in terms of class counts.

The International Convention for the Protection of New Varieties of Plants (UPOV Convention) provides a sui generis form of intellectual property protection (plant variety protection or breeders’ rights). In order to obtain protection, the breeder needs to file individual applications for breeders’ rights with the authorities entrusted with the task of granting breeders’ rights.
The Difficult Protection of Slogans as Trade Marks

This decision issued by the Paris Court of Appeal on 28 November 2012 illustrates the extent to which the protection of trade marks composed of slogans is in jeopardy.

In this case, the owner of the word trade mark “interdit de me gronder” IDMG initiated proceedings on the grounds of trade mark infringement and unfair competition against a clothing company affixing the sentence “interdit de me gronder – vietato sgidarmi - il est absolument interdit de me gronder” on the front side of children’s T-shirts.

Upholding the judgment issued by the Paris Court of First Instance, the Paris Court of Appeal ruled that trade mark infringement was not established insofar as the sentence at issue was not used as a trade mark. According to the Judges, the manner in which this slogan was used reflected a trivial fashion trend consisting in affixing on clothes, especially on their front side, with some sentences supposed to be expressing the thoughts of the person wearing them. As a consequence, the consumer would rather perceive the slogan “interdit de me gronder – vietato sgidarmi - il est absolument interdit de me gronder” affixed on the T-shirts as a humorous message expressing the sense of revolt proper to young children for whom these T-shirts were designed.

This judgment illustrates the reality with which trade marks owners have to cope: even if their trade marks consisting of slogans succeed in avoiding the cancellation for lack of distinctive character, their protection remains rather limited and does not cover any decorative or ornamental use of the registered slogan by a third party.

The Risk of Cancellation Due to the Potential Lack of Distinctive Character of Slogans

At the registration stage of a slogan as a trade mark, the distinctive character of slogans appears as the weak link of this kind of trade mark. Indeed, a slogan can only be registered as a trade mark provided that it is capable of being perceived as a trade mark and therefore of performing the essential function of the trade mark, which is to guarantee the identity of the commercial origin of the goods and services bearing it. Therefore, whenever a slogan is perceived by the relevant section of the public as a mere promotional message, an embellishment or an ornament, and not as a sign indicating the commercial origin of the goods, a lack of distinctiveness will be established.

As an example, the Paris Court of Appeals held invalid a trade mark “I love my T’s” registered in relation to clothes as it consisted of a mere laudatory phrase used for promotional purposes and was not capable of identifying the commercial origin of the products designated by this trade mark.

By contrast, the trade mark “CHUT BEBE DORT” was held valid by the Paris Court of First Instance which ruled that it was able to fulfil the trade mark’s essential function of identification of origin, since it was registered not only for children clothes, but for clothes, fabrics and bags in general, and as such could not be considered to be descriptive.

The Difficulty in Enforcing the Trade Mark against Infringers

When trying to enforce the rights on a slogan registered as a trade mark, the most efficient defence interposed by third parties, besides the argument as to the lack of distinctiveness of the earlier sign, consists in arguing that they are not using the slogan as a trade mark. Indeed, as it was in the “Interdit de me gronder” case, a fashion trend or decorative purpose may justify the affixing of a slogan on clothes, provided that the slogan is not viewed by the relevant section of the public as an indication of commercial origin of the products bearing it.

Similarly, in the above-mentioned case “CHUT BEBE DORT”, the Court ruled that there was no infringement in affixing the sentence “Bébé dort” on the front side of a T-shirt and the word “Chut” on the back side. According to the Judges, even if these inscriptions were similar to the registered trade mark “CHUT BEBE DORT”, the use made by the third party would be perceived by the public.
Current Developments – Europe

as merely ornamental, with a surprise effect derived from the fact that the reader could not see both parts of the sentence at the same time.

In another case, the Paris Court of Appeal ruled that the affixing of the inscription “touche pas à ma planète” on T-shirts for children did not infringe the rights of the owner of the eponymous word trade mark as that slogan was not used as a trade mark, but as an educative and ecological message for the children wearing such clothes.11

Emmanuel Baud, Sabine Rigaud

The Use of the Appellation of Origin Bud for Beers (in France and Austria) Does Not Meet the “More than Mere Local Significance” Standard

The General Court recently rendered a decision12 which constitutes the last battle of a war between Budějovický Budvar, a Czech brewery company in charge of the protection of the appellation of origin “BUD”, and the American company Anheuser-Busch, involved in the beer industry.

In the early 1990s, the appellation of origin “BUD” was protected in France, Italy and Portugal under the Lisbon Agreement in respect of beers, and in Austria under a bilateral Convention with the former state of Czechoslovakia. In the second part of the 1990s, Anheuser-Busch applied for four Community trade marks, including the denomination “BUD” before the Office for Harmonisation in the Internal Market (OHIM). Budějovický Budvar opposed the trade mark applications on the basis of the appellation of origin “BUD”.

Budějovický Budvar relied upon Article 8(4) of the Council Regulation on the Community trade mark,13 which entitles the proprietor of a “sign used in the course of trade of more than mere local significance” to file an opposition, provided notably that the “rights to that sign were acquired prior to the date of application for registration of the Community trade mark, or the date of the priority claimed for the application for registration of the Community trade mark” and “that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark”.

While Article 8(4) of the Council Regulation on the Community trade mark does not provide any specific list of earlier signs capable of fulfilling those conditions, it results from OHIM case law that an appellation of origin is not per se excluded from the scope of Article 8(4). By way of example, in 2004, the OHIM ruled that the appellation of origin COGNAC could constitute a sign “used in the course of trade of more than mere local significance”,14 and consequently upheld an opposition initiated by the entity in charge of protecting the COGNAC appellation of origin against a “KONYAGI” Community trade mark application.15

It is noteworthy that, in more recent decisions rendered in 2010, the OHIM focused its analysis on the evidence of the effective use of appellations of origin in the territory of their protection and pointed out in particular that:

…[u]nder Article 8(4) [of the Council Regulation on the Community trade mark], the fact that the opponent may, in accordance with the law of the Member State governing the signs, have acquired exclusive rights plainly enforceable against subsequent trade marks on the basis of their registration only, does not exempt it from the burden of proving that the signs in question have been used in the course of trade of more than local significance prior to the filing of the contested application.16

[emphasis added]

The Bud case, in an instance where an appeal before the Court of Justice of the European Union was brought, constituted a perfect occasion for the Court of Justice of the European Union to clarify the meaning of the expression “sign used in the course of trade of more than mere local significance”. In its judgment delivered on 29 March 2011, the Court of Justice of the European Union ruled that the significance of the earlier sign – that is, a significance that exceeds the “local” standard – must be evaluated by reference to its effective use prior to the date of the application for registration of the Community trade mark in the territory in which the sign is protected (as opposed to an evaluation based on the extent of legal protection of the sign at stake).17 Among the criteria to be taken into consideration, the Court of Justice particularly emphasised the duration and the intensity of the use of the sign as a distinctive element for purchasers and consumers, as well as for suppliers and competitors.

The Court of Justice of the European Union referred the case back to the General Court in order for it to rule as to whether, given the evidence put forward by Budějovický Budvar, the requirement of a “use in the course of trade of more than mere local significance” had been fulfilled.
In its 22 January 2013 decision, the General Court proceeded to deliver a detailed analysis of the evidence provided. It came to the conclusion that Budějovický Budvar had not proven that the use of the appellation of origin “BUD” was of “more than mere local significance” within the meaning of Article 8(4) of Regulation, given that the use of the appellation of origin “Bud”: 

In France, was only evidenced by four dated invoices that related to a very limited volume of products and concerned the deliveries to three French towns only. 

In Austria, was only evidenced by four affidavits of Budějovický Budvar’s employees and of the general manager of an Austrian beer import company, 20 sale invoices from the import company to undertakings in Austria, as well as nine Austrian press cuttings, a list of sale prices mentioning “Bud” and examples of packaging sheets for export to the Austrian beer import company – all of these documents attesting to a very low amount of sales in terms both of volume of products and turnover generated. 

This decision recalls the very purpose of the conditions laid down in Article 8(4)14, the right of opposition remaining reserved to signs – including appellations of origin – with a real presence in their relevant market.19 

It should therefore be heeded that entities in charge of the protection of appellations of origin should, in anticipation of possible opposition proceedings before the OHIM, keep detailed records of the elements/documents evidencing use of their appellations of origin. 

Emmanuel Baud and Edouard Fortunet

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1 This report reflects only the personal views of the authors and should not be attributed to the authors’ Firm or to any of its present or future clients. 
3 “Forbidden to scold me”. 
4 Italian translation of the previous phrase. 
5 “Strictly forbidden to scold me”. 
6 Paris Court of Appeal, 30 November 2011, No RG 09/25107, S.A.R.L. HPP vs. S.A.R.L. ZARA FRANCE and INDIETEX. 
7 “Shh the baby is sleeping”. 
8 Paris Court of First Instance, 27 January 2010, No RG 08/08755, S.A.S. BUNCHA, S.A.S. KIABI EUROPE and KIMARK SCA vs. S.A. LA HALLE. 
9 “The baby is sleeping”. 
10 “Do not touch my planet”. 
11 Paris Court of First Instance, 22 November 2012, No RG 10/01770, ERAM and VETIR vs. DISTRIBUTION CASINO FRANCE, E.M.C. DISTRIBUTION, CASINO GUINCHARD PERRACHON. 
12 General Court (Second Chamber), Joined Cases T-225/06 RENV, T-255/06 RENV, T-257/06 RENV and T-309/06 RENV dated 22 January 2013. 
13 Article 8(4) of Council Regulation No 40/94, now Article 8(4) of Council Regulation No 2013/2013. 
15 It is worth noting that in certain countries, including France, an appellation of origin does not constitute an earlier right susceptible to ground opposition proceedings. Therefore, in practice, the entities in charge of the protection of appellations of origin usually elect to file “observations” with the French Trademark Registry, which the latter is not obliged to follow (Articles L. 712-4 and L. 712-3 of the French Intellectual Property Code). 
16 Decision No B 1 382 516 dated 25 January 2010; Decision No B 1 545 220 dated 22 June 2010. Both decisions related to the Portuguese appellation of origin “Vinho Verde”. 
17 Court of Justice of the European Union (Grand Chamber), Case C-96/09 dated 29 March 2011. 
18 That is, limiting conflicts between signs: cf. notably §47 of the above-mentioned judgment of the General Court dated 22 January 2013. 
19 In a decision rendered after the Court of Justice of the European Union decision in Case C-96/09, the Board of Appeal ruled that: “regardless what the national legislation rules on this point (…), Article 8(4) CTMR is limited to use-based rights and requires use in trade as a genuine European requirement”. Decision of the Fourth Board of Appeal in Case R 2176/2010-4, dated 20 May 2011.

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Court of Appeal Surveys the Landscape in Trade Mark Infringement and Passing Off Cases

Marks And Spencer Plc v Interflora Inc & Anor

[2012] EWCA Civ 1501


Background

This was an appeal by Marks & Spencer PLC against a High Court decision permitting Interflora to rely on witness evidence gathered following a witness collection exercise in a trade mark infringement case. The question raised before the Court of Appeal was whether a trade mark proprietor should be allowed to call the evidence of witnesses identified through such an exercise in circumstances in which it does not intend to rely on the survey or questionnaire by which they were identified. In this case, the reason for
not relying on the survey was that it had been heavily criticised as being flawed.

Whilst considering this specific question, the Court of Appeal judgment also considered the role of surveys and witness evidence gathered as a result of surveys (“survey-witness evidence”) in the context of passing off proceedings. The leading judgment contains a detailed review of the history of survey evidence in trade mark and passing off cases before the English courts and gives new guidance as to the correct approach to such evidence.

Guiding Principles Relating to the Use of Survey Evidence before the Court of Appeal Decision

The following guidelines relating to the collection of survey evidence for use in proceedings before the English courts were set out by Whitford J in Imperial Group plc v Philip Morris Ltd [1984] RPC 293 (the so-called “Whitford guidelines”):

(i) If a survey is to have any validity at all, the way in which the interviewees are selected must be established as being done by a method such that a relevant cross-section of the public is interviewed.

(ii) Any survey must be of a size which is sufficient to produce some relevant result viewed on a statistical basis.

(iii) The party relying on the survey must give the fullest possible disclosure of exactly how many surveys they have carried out, exactly how those surveys were conducted and the totality of the number of persons involved, because otherwise it is impossible to draw any reliable inference from answers given by a few respondents.

(iv) The questions asked must not be leading; and must not direct the person answering the question into a field of speculation upon which that person would never have embarked had the question not been put.

(v) Exact answers and not some sort of abbreviation or digest of the exact answer must be recorded.

(vi) The totality of all answers given to all surveys should be disclosed.

(vii) The instructions given to interviewers must also be disclosed.

Following more recent court guidance, accepted practice was that, if a party wished to conduct and rely on the results of a survey that had yet to be conducted, they should first apply to the court for permission to do so and provide the court with the results of any pilot survey conducted; evidence that any future survey would comply with the Whitford Guidelines; and details of the costs that would be associated with the survey exercise proposed.

Alternatively, if permission was sought to rely on survey-witness evidence only, an applicant should provide the court with witness statements from the witnesses proposed to be called; demonstrate that such evidence would be of real value in deciding the issues the court has to decide; identify and describe the survey or surveys that had been conducted (including the number of persons involved and their answers to all questions posed), how the witnesses had been chosen from the pool of respondents and an estimate of the costs associated with dealing with the evidence of these witnesses.

The court has a general discretion to control evidence, including the power to exclude material that would otherwise be admissible, under Part 32.1 of the Civil Procedure Rules. The court is also under a positive duty to exercise its case management powers in such a manner as to further the overriding objective of dealing with cases justly, which includes the duty to consider whether the likely benefits of taking a particular step justify the costs of taking it. In deciding whether to exercise this discretion when considering applications to admit survey and survey-witness evidence, the practice of the court has generally been to allow evidence that was admissible unless it was shown to have no value. This put the burden squarely on the party seeking to exclude the relevant evidence and in practice meant that surveys and survey-witness evidence has been adduced in many trade mark infringement and passing off cases over the years.

New Guidance from the Court of Appeal

Giving the leading and unanimously approved judgment, Lord Justice Lewison sitting in the Court of Appeal indicated that, contrary to the previous practice of the courts, the correct approach should be to exclude technically admissible survey or witness evidence in trade mark and passing off proceedings unless it is shown that (a) it would be valuable and (b) the likely utility of the evidence justifies the costs involved.

In arriving at this conclusion, Lord Justice Lewison gave express endorsement of the approach of the Federal Court of Australia to survey evidence in Arnotts Ltd v Trade Practices Commission [1990] FCA 473; (1990) 97 ALR 55. The Judge commented that witness evidence gathered as a
result of even the most reliable survey is generally of little or no value in trade mark infringement cases. That is because, in trade mark infringement cases, the court is only strictly concerned with evidence that assists in determining the correct view of the fictional legal person by which the relevant legal question is to be answered. In ordinary trade mark infringement cases, this fictional legal person is the “average consumer”. In response to an earlier referral in the same proceedings, the Court of Justice of the European Union (CJEU) identified the “average consumer” in the present case as “the reasonably well-informed and reasonably observant internet user” which the Court of Appeal considered to fall into the category of “ordinary consumer services”. In cases of “ordinary consumer services”, the Court of Appeal stated that a trial judge could answer the relevant legal questions by using his or her own common sense and experience of the world to determine the view of the “average consumer” without the benefit of any additional survey or witness evidence. Even in cases where such witness evidence had been identified as a result of a statistically relevant and reliable survey, the evidence is often of such little additional probative value that it would be very unlikely to satisfy the cost-benefit test of including it in the proceedings.

Lewison LJ did note that the evidence of consumers who have been confused in the real world (and who have been identified as a result of a survey or questionnaire) may have greater probative value in the context of a passing off action where the legal question is whether a substantial number of the “relevant public” has been or is likely to be deceived. However, he went on to say that in the general run of cases where such witnesses have been identified by a tailored series of questions, they will have been led towards a particular mind-set which no longer represents the unstimulated evidence of people in the real world, casting doubt on the probative value of their evidence. Again, even where such evidence had some value it would not automatically satisfy the cost-benefit requirement justifying its inclusion in the proceedings.

In the present case, on the basis that the requirements set out above had not been satisfied, the Court of Appeal overturned the High Court decision to allow the defendant to rely on survey witness evidence and it was therefore excluded from the proceedings.

Comment
On the face of it, this Court of Appeal decision severely limits the scope for deploying survey and survey-witness evidence in trade mark infringement and possibly also passing off cases before the English courts.

In the context of trade mark infringement proceedings, it will arguably only now be those trade mark cases involving specialist or niche goods in which the court is likely to need assistance in the form of survey evidence and survey-witnesses. Cases involving “ordinary consumer goods/services” are highly unlikely to justify the cost of survey and survey witness evidence on the basis that the judge should be able to answer the relevant legal questions based on his or her own experience and common sense. In passing off proceedings there may still be scope of surveys and survey-witness evidence, but the burden will now fall squarely on the party seeking to rely on that evidence to show that the likely utility of the evidence justifies the costs involved in dealing with it.

One Stop Shop for Infringement of European Patents

**Actavis Group HF v Eli Lilly and Company**

[2012] EWHC 3316

URL: [http://www.bailii.org/ew/cases/EWHC/Patents/2012/3316.html](http://www.bailii.org/ew/cases/EWHC/Patents/2012/3316.html)

**Background**

On 29 November 2012, the Patents Court of the High Court of England and Wales, in Actavis Group (Actavis) v. Eli Lilly and Company (Lilly), held that, under certain circumstances, the English courts had jurisdiction to consider claims for declaration of non-infringement in respect of European Patents with non-UK designations, as well as those with UK designations.

The case concerned the active ingredient pemetrexed, used in Lilly’s cancer treatment Alimta®. Pemetrexed was protected by a basic patent, extended by Supplementary Protection Certificates (SPCs), until December 2015. Lilly also owned EP 1 313 508 (the Patent), which will expire in June 2021, and was essentially for the use of pemetrexed disodium in combination with vitamin B12 for the treatment of cancer. The Patent designated various EPC countries, including the UK, France, Germany, Italy, and Spain.

Actavis contended that dealings in pemetrexed dipotassium would not infringe the Patent. Lilly
disputed this. Actavis wanted a resolution of this issue in plenty of time for it to enter the market on the expiry of the SPCs. It asked that the non-infringement declarations sought for the UK, French, German, Spanish and Italian designations of the Patent be dealt with in one trial before the Patents Court.

Lilly submitted that the High Court did not have, or alternatively, should not exercise jurisdiction in respect of the French, German, Spanish and Italian designations.

In the case, questions were raised as to whether Lilly had consented to receive service of the claim over declarations of non-infringement of the UK designations and the European designations, and if it had not, whether service had been effected at all in accordance with the Civil Procedure Rules. Perhaps most significantly though, it was considered whether, if the claim had been effectively served but there had been no consent to accept service, the proceedings could be stayed on the basis of forum non conveniens (i.e. that the High Court would be the wrong court to hear the matter).

Actavis undertook not to challenge validity of the Patent if the Court accepted jurisdiction.

There were arguments about service (which can be a complex issue in such cases) and about whether or not Lilly had consented to non-UK designations being included in the proposed proceedings. This report does not go into all those issues.

Decision

Of interest is that Arnold J. found that the Supreme Court’s decision in Lucasfilm v Ainsworth [2011] UKSC 39 (reported in Intellectual Property Forum, Issue 86: September 2011), demonstrated that claims concerning infringement and non-infringement of foreign patents could be justiciable in the High Court. Lucasfilm had held that jurisdiction was not limited by subject matter, and it was possible for English courts to hear claims for foreign copyright infringement. Provided that copyright claims were no different from patent claims from a jurisdictional perspective, the Judge found that the same principle could be applied to this case. Lucasfilm had expressly acknowledged “that the modern trend is in favour of the enforcement of foreign intellectual property rights”.

Lilly argued that, if service had been valid, but there had been no consent to jurisdiction, the Court should decline to exercise its jurisdiction on the ground of forum non conveniens. Arnold J again considered Lucasfilm and found that there was no reason why a patent-related claim (where validity was not in issue) should be different to copyrights for the purposes of justiciability. Arnold J was also swayed by Actavis’ argument that by holding a single trial for all five claims (i.e. across the designations), it would eliminate the prospect of inconsistent decisions across the various countries’ courts. In giving judgment, Arnold J said that the proceedings should not be stayed on the ground of forum non conveniens, as it had not been demonstrated that the courts of France, Germany, Italy and Spain were “clearly or distinctly more appropriate” than the English court as a forum for hearing the claims.

Comment

This important decision continues the trend, acknowledged in Lucasfilm, to extend the enforcement of foreign intellectual property rights by the English courts. It is interesting that Arnold J. accepted Actavis’ argument that the national courts’ approaches to deciding the claims might be different, although he thought that the differences were less than they had been in the past. Under the European Patent Convention (EPC), Contracting States (of which the UK, France, Germany, Italy and Spain were examples) are obliged to effect their national patent law in accordance with Article 69 EPC and the Protocol on the Interpretation of the Article 69. Theoretically, this means the same approach should be taken when determining claims although, in practice, this does not always occur. This case demonstrates the practical approach the English courts are likely to take in regard to hearing foreign claims if those claims are justiciable, considered to be in an appropriate forum, and such hearing would lead to an overall more consistent and cost-efficient outcome for the parties.

All Infringing Profits are Accountable, Rules the Court of Appeal

Hollister Incorporated & Anr v Medik Ostomy Supplies Limited
[2012] EWCA Civ 1419
(9 November 2012)
URL: http://www.bailii.org/ew/cases/EWCA/Civ/2012/1419.html

Background

This case was an appeal from a first instance decision of His Honour Judge Birss QC in the...
Patents County Court, which we reported in Intellectual Property Forum (Issue 88, March 2012) last year.

Under European Union law, where goods are first put on the market in the EU by or with the consent of the trade mark proprietor, the trade mark rights are said to be “exhausted” and the proprietor cannot oppose further commercialisation of those products (under the trade mark), save only if there are “legitimate reasons” to do so. Trade between Member States is referred to as “parallel trade”. In the case of pharmaceuticals, because national governments set prices for the products, there is price disparity within the internal markets between Member States, which leads to commercial opportunity for parallel traders. However, because of language and regulatory differences in Member States, parallel traders often repackage the pharmaceuticals for the import market.

Case law over time has set a list of conditions which must be satisfied for parallel trader of repackaged pharmaceuticals, and these are set out in the case Boehringer Ingelheim, Glaxo Group and Smithkline Beecham v Dowelhurst and Swingward, C-348/04 [2007] ETMR 1164 (Boehringer II). These conditions include giving prior notice to the rights holder of the intended importation.

First Instance Decision

This case was about an account of profits sought by the trade mark holder in respect of parallel imports where the only condition not satisfied was failure by the importer (Medik) to give notice to the trade mark owner (Hollister) before any repackaged product was put on sale; all other conditions had been satisfied. Hollister, the rights holder, argued that the court should simply follow normal rules on determining an account of profits and award the resulting net profit. Medik argued that, as the only infringing act was failure to give notice, which was more of a procedural condition, not a substantive one, something other than the full amount of profits should be awarded. Medik also argued that a proportion of its general overheads should be discounted to find an appropriate net profits figure.

At first instance, although HHJ Birss QC agreed with Hollister that the normal accounting rules applied initially, he also agreed with Medik to the extent that a proportion of general overheads could be discounted, and also that he was required by the Boehringer II decision to “weigh up” factors to decide how much of those net profits to award the claimant where the infringement was only attributable to a failure to give prior notice. HHJ Birss QC awarded 50% of the resulting net profits. Hollister appealed.

Appeal

The decision of the Court of Appeal, given by Lord Justice Kitchin, agreed with Hollister and allowed the appeal on these two issues.

No Special Treatment for Infringement by Lack of Notice

Kitchin LJ considered the facts and the case law, and ruled that, since failure to give notice rendered the importation and sale of the repackaged products an infringement – it was wrong to characterise the failure to give notice simply as a procedural deficiency. Although the lack of notice was the “only” cause of the infringement, this did not change the fact that there was infringement.

If a parallel importer had failed to give prior notice to the trade mark proprietor, any subsequent importation of the product would infringe the right of the proprietor until notice was given. As the Court of Justice of the EU had stated in Boehringer II:

…the trade mark owner’s right to prevent parallel importation of pharmaceutical products which, while not spurious, have been marketed in breach of the requirements to give prior notice to that proprietor is not different from that enjoyed by the proprietor in respect of spurious goods.

An account of profits was, by its nature, an effective proportionate remedy, which was required by the Enforcement Directive (Directive 2004/48/EC). As stated by Lord Justice Kitchin:

As for proportionality, an account of profits does not compensate the trade mark owner for the losses he has suffered. It simply deprives the infringer of the profits he has made from an activity in which he should never have engaged. It therefore ensures the infringer does not benefit from his wrong, but it contains no element of punishment. [at 69]

Kitchin LJ ruled, therefore, that, where infringement had been found (or, as in this case, admitted), a normal account of profits was the fair measure to apply. It was not appropriate to deprive the claimant of the full amount of unfairly received profits, unless there were equitable reasons for depriving the claimant. Otherwise, infringers could still profit from their infringing acts.
No Deduction of Proportion of General Overheads

Kitchin LJ also disagreed with HHJ Birss QC’s conclusion that a proportion of general overheads could be attributed to the infringing activity and discounted to find a net profits figure. To the extent earlier case law could be read as permitting such a deduction, (including the seminal judgment of Laddie J in *Celanese International Corp. v BP Chemicals Ltd* [1999] RPC 203), that case law is now overruled. Only those costs and overheads which were directly attributable to the infringing acts could be discounted – those direct costs associated with the importation and sale of the infringing products. Kitchin LJ stated:

*It is not permissible for a defendant simply to allocate a proportion of its general overheads to an infringing activity and in so far as Laddie J [in *Celanese*] decided to the contrary, I disagree with him. The defendant must show that the relevant overheads are properly attributable to that activity. All will depend upon the facts and circumstances of the case.* [at 85]

**Comment**

This judgment provides welcome guidance after many years of uncertainty about what consequences follow for infringement by parallel importers of pharmaceutical products within the EU who fail to give the appropriate prior notice to the trade mark holder.
Current Developments – South Africa

Professor Owen Dean
Chair of Intellectual Property
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Keeping Traditional Knowledge Traditional

Introduction
There has been a tidal wave of severe criticism of the South African Government’s proposed legislation to provide for protection for traditional knowledge in domestic South African law (see, for example, the articles posted on the IPSTELL blog (www.blogs.sun.ac.za/ipstell) indicated by the keywords “traditional knowledge”). By means of the Intellectual Property Laws Amendment Bill, the introduction of a special form of protection is sought for so-called “traditional knowledge” into each of the Trade Marks, Copyright, Designs and Performance Protection Acts (the Bill is commonly known as the “Traditional Knowledge Bill”). There has been vociferous support for the viewpoint that, if some form of special protection for traditional knowledge is required, this should be provided in a sui generis statute which is customised to meet the requirements and characteristics of the subject matter sought to be protected and not by means of adulterating the existing intellectual property statutes.

The desired type of protection cannot be achieved by amending the aforementioned intellectual property statutes, without doing serious damage to the basic tenets of such statutes, because specialised protection for traditional knowledge is not compatible with the fundamental principles of intellectual property law as embodied in these statutes and the desired objective is incapable of being achieved for this reason. A South African authority has gone as far as formulating a draft sui generis bill which is customised to meet the requirements and characteristics of the subject matter sought to be protected and not by means of adulterating the existing intellectual property statutes.

The AIPPI dates from 1897 and its membership includes lawyers, patent attorneys, judges, scientists, engineers and academics. It is generally regarded as one of the most authoritative voices on matters pertaining to intellectual property and is held in high regard by the World Intellectual Property Organisation (WIPO).

The AIPPI recently held its 43rd World Intellectual Property Congress in Seoul, Republic of Korea, from 20 to 23 October 2012. One of the Working Sessions at the congress was devoted to the question of “The Relevance of Traditional Knowledge to Intellectual Property Law”.

Gauging International Opinion
Against the South African background, it is interesting to see what the international view on this general question is. The question arises whether the criticism of the Traditional Knowledge Bill is perhaps unfair and whether such criticism is in or out of harmony with the international thinking on the question of the relationship between intellectual property and the special protection for traditional knowledge. The abovementioned Working Session provided an ideal opportunity to reassess the situation.

It transpired that many of the delegates participating in the TK discussions were familiar with the South African Traditional Knowledge Bill and had a very low estimation of it, even holding it out to ridicule! It was a source of some embarrassment to be seen to be representative of a country that had spawned what was perceived to be such poor legislation. The Traditional Knowledge Bill was held up as an example of how not to go about providing for specialised protection or traditional knowledge, and more particularly expressions of folk law which is, of course, what the Bill is really about. It transpired that mainstream South African views were not only shared by the meeting, but indeed in some instances even stronger criticism of the Bill was forthcoming.
Current Developments – South Africa

Adoption of Resolution

The purpose of the working session was to prepare a resolution for adoption by the congress reflecting the view of the AIPPI as an organisation on the issue of traditional knowledge.

The workshop duly formulated and prepared a resolution which was adopted at a plenary session of the congress. The resolution thus reflects the official view of the organisation and the collective view of its 100 or so national groups. These national groups reflect a microcosm of the international community and include many developing, and developed, countries which have a rich heritage of traditional knowledge. They range from South American to European and Oriental countries. Countries, like South Africa, having a western culture as well as an Indigenous culture (e.g. Canada, New Zealand, Peru, Australia, India and the like) formed an important component of the group.

The full text of the resolution as adopted is available from the AIPPI website at https://www.aippi.org/download/committees/232/RS232English.pdf. The product of all the Working Committees on Q232, the summary reports, resolutions and group reports per nation are available from the listing of all AIPPI Committees at https://www.aippi.org/?sel=questsions&sub=listingcommittees&viewQ=232#232.

The main thrust of the resolution was to arrive at a harmonised definition of the term “traditional knowledge” with a view to achieving a harmonised international approach to the protection of traditional knowledge.

As a precursor to the congress, the various national groups had been asked to express their views on the manner in which traditional knowledge should be protected. The majority of the groups considered that so-called “defensive protection” of traditional knowledge is in principle desirable but there was no majority in favour of so-called “positive protection”. The draft resolution was prepared taking these considerations into account.

Spectrum of Views

In general, views on the nature and extent of protection for traditional knowledge cover a wide spectrum. On the “left wing” of the spectrum are those who take the view that existing intellectual property law gives adequate protection, to the degree warranted, to traditional knowledge and therefore that no special protection is required. Moving towards the centre, there are those who hold the view that the existing laws are adequate, but that provision should be made to ensure that where rights are claimed in property by a third party (for instance, by registering a patent or design), the rights of traditional communities to continue using their TK undisturbed should be entrenched – this is the so called “defensive protection” of traditional knowledge. Moving away from the centre, towards the “right wing” of the spectrum, there are those who believe that some form of special protection for traditional knowledge – so called “positive protection” – may be appropriate, but such protection should be granted in customised or sui generis legislation. Finally, on the far “right wing” are those who favour amending existing intellectual property laws so as to grant special protection for traditional knowledge (the South African government is the only known proponent of this view).

It became abundantly clear from the discussions that by far the majority of the delegates were of a “left-wing” persuasion favouring no special protection for traditional knowledge, save perhaps for protection of a defensive nature. There were few supporters of the “right wing” approach of adopting sui generis legislation, while no-one subscribed to the “far right wing” position of amending existing IP legislation to cater specially for traditional knowledge. Needless to say, the writer did not offer any support for the “far right wing” view and inclined towards the majority view. WIPO is, of course, sponsoring the sui generis legislation approach and this factor was given due recognition by the meeting.

In addition to adopting a harmonised definition of traditional knowledge, the resolution provided that harmonised treatment of TK internationally is to be encouraged, that legal certainty is desirable, protection for TK should be aligned with the principles of existing IP systems, and that this may be achieved by way of sui generis treatment. Finally, the organisation resolved that defensive protection of TK is to be encouraged and that the specifics of this should be the subject of further study.

Conclusion

The message that came through loud and clear from the congress was that the mainstream of international opinion on the subject of traditional knowledge is that nothing more than defensive protection is required and that, if it is desired to go further than this, special protection should be provided for in sui generis legislation. In the final analysis, it became clear to the writer that
the view that the South African critics have been propounding is in keeping with international thinking on the subject and that, if anything, it inclines towards a somewhat “right wing” approach by international standards. Their viewpoint that the South African government’s approach to the protection of traditional knowledge is way out of line and is untenable is a generally prevailing one. The “far right wing” view is supported by no-one and, on the contrary, is simply dismissed out of hand. The South African critics can therefore be content in the knowledge that their criticism and rejection of the Traditional Knowledge Bill is reasonable and is in harmony with the general informed international view. There is thus every justification for attempting to apply the brakes to the runaway train being driven by the Department of Trade and Industry.
Reports from IPSANZ Local Organisations

VICTORIA

Robynne Sanders
DLA Piper
Victorian Committee

The year 2012 ended in Victoria, as always, with the excellent Christmas moot. The year's topic, “Who Ate the Tort(e) of Passing Off?” gave the speakers a great opportunity for fun at the expense of the law of passing off and, occasionally, Santa Claus. Katherine Payne, Abhi Arunachalam and Gautam Mukherji mooted for the side, “It’s gone: It just shouldn’t have been so tasty”, while Kelly Griffiths, Bruce Hardy and Peter Creighton-Selvay mooted for the side, “Really, it still exists. I am watching my weight”. Special mention is made of Katherine Payne for her skilfully crafted poetry. Peter Creighton-Selvay was the well-deserving winner of the moot prize. Thanks go to Siobhan Ryan for adjudicating on the night.

On 19 February, IPSANZ, in conjunction with The Arts Law Centre of Australia, will host The Rt Honourable Professor Sir Robin Jacob, who will speak on the topic “IP – Has it lost its way?”. On 1 March, Debrett Lyons, Hearing Officer of Trade Mark and Designs Hearings at IP Australia, will give a presentation on the topic “A View from the Trade Marks Office”. This should provide an excellent opportunity to see things from the perspective of the decision maker.

In May, Clive Elliott will give his annual update on NZ law giving an opportunity to those who practise in that jurisdiction to be brought up to date with the past year.

NEW SOUTH WALES

Shelley Einfeld
Jirsch Sutherland IP
New South Wales Committee

Since my last report, IPSANZ NSW held a very successful End of Year cocktail party at the ArtHouse Hotel which featured guest speaker Justice Annabelle Bennett of the Federal Court of Australia. Justice Bennett was kind enough to draw our lucky door prizes on the night which included – in the true spirit of judicial impartiality – both an Apple iPad and a Samsung Galaxy.

The IPSANZ NSW Committee is already hard at work on our program for 2013! Our first session for the year will be a lunchtime meeting on Valentine’s Day, 14 February, with Richard Cobden SC speaking on parallel importation and trade mark infringement following the Paul’s Warehouse cases. This will be followed on 14 March by Michael Caine from Davies Collison Cave presenting a practical session on changes to patent practice arising from the Raising the Bar Act. Then, on 4 April, Joanne Martin from FB Rice will present a useful refresher session on “Trade Mark Tips and Tricks”.

Plans for further monthly sessions are already under way; however, as always, the IPSANZ NSW Committee welcomes suggestions from members for speakers and topics you would like to hear in future.

QUEENSLAND

Nicole Murdoch
Bennett and Philp Lawyers
Queensland Committee

The Queensland Committee’s Christmas function was held on 6 December at the offices of Thomsons Lawyers. The Committee was entertained by Gary Nock, Partner of Cullens Patent and Trade Mark Attorneys. Gary presented on “useful” patent inventions and despite promising a serious presentation, had our guests laughing out loud. Overall, it was a great night and the Committee owes a huge thank you to Thomsons, who had also hosted their Christmas function that day.

The next Queensland Committee function is to be held at Clovely Estate Cellar Door on 6 March 2013. We have managed to secure John Swinson, Partner of King & Wood Mallesons, to present on the topic of “Race to the Bar? The Importance of Ambiguity in Trade Mark Law”. Trade mark presentations at Clovely Estate Cellar Door are an annual event for the Queensland Committee and are heavily anticipated. Invitations will follow shortly.
NEW ZEALAND

Sarah Chapman
Simpson Grierson
New Zealand Committee

In November, Mark Vincent, Partner of Shelston IP, presented in both Auckland in Wellington on current and emerging issues in cloud computing, the public and private cloud, and the legal barriers and issues to adopting cloud solutions.

In December, we had the popular annual Christmas Quiz night in Auckland to top off a great year of seminars. Wellington celebrated the end of the year with drinks at the Dr Seuss Gallery surrounded by the fabulous works of art of Dr Seuss. Both events were well-attended and were a great way for members to ease into the Christmas period.

Our 2013 timetable is scheduled to get underway in February with the funny and informative annual IPONZ case round-up presented by Richard Watts, Partner of Simpson Grierson, and Gus Hazel, Senior Associate with James and Wells. This will cover both patent and trade mark decisions and will take place in Auckland and Wellington.
Expressions of Interest
are invited from IP lawyers and writers
to contribute to the Profile Section of
*Intellectual Property Forum*

For 15 years, *Intellectual Property Forum* has featured regular interviews with a range of eminent persons who have made a significant contribution to the advancement of Intellectual Property Law in Australia and New Zealand.

Some of those who have been profiled include:

**Leading IP Judges** –
- Chief Justice Robert French AC
- Justice William Gummow AC
- Justice Annabelle Bennett AO
- Justice James Allsop
- Justice Arthur Emmett
- Justice Andrew Greenwood
- Justice Susan Kenny
- Justice David Harper AM
- Former Justice Michael Kirby AC, CMG
- Former Justice Alan Goldberg AO, QC
- Former Justice Kevin Lindgren AM, QC
- Former Justice Peter Heerey AM, QC
- Former Justice Catherine Branson
- The Right Honourable Sir Thomas Gault QC

**Leading IP Lawyers** –
- Dr John Emmerson QC
- Andrew Brown QC
- John Katz QC
- David Shavin QC
- Angela Bowne SC
- Anthony Franklin SC
- Barry Hess SC
- Katrina Howard SC
- Jack Hodder SC
- Des Ryan AM
- Ann Duffy
- Stephen Stern
- Terri Janke
- Jim Dwyer
- Katrina Rathie
- Geoffrey Levy
- Jane Owen
- Benny Browne
- Yves Hazan
- Kristin Stammer
- Kathryn Everett
- Adam Liberman
- Scott Bouvier
- Wayne McMaster

**Leading IP Academics** –
- Professor James Lahore
- Professor Sam Ricketson
- Professor Michael Blakeney
- Professor Francis Gurry
- Professor Kathy Bowrey
- Dr Christopher Kendall
- Dr Robert Dean

**Leading IP Players** –
- Emeritus Professor Sir Gustav Nossal AC, CBE
- Professor Adrienne Clarke AO
- Professor John Mills
- The Honourable Daryl Williams QC
- Frank Moorhouse AM
- Tamara Winikoff
- Rhonda Steele

*Initial enquiries or expressions of interest to contribute a Profile are most welcome, and may be directed to:*

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