Introduction

The following are some matters which are of current interest (2008/9), to intellectual property stakeholders in Australia.

TRADE MARKS/DESIGNS

1. The use of one form of IP protection to secure longer protection through another form is not new to IP. It was this activity which necessitated the government to introduce the 'overlap' provisions (ss 74-77 of the *Copyright Act*), and prevent copyright works from claiming copyright protection for three dimensional reproductions. These corresponding designs industrially applied would forfeit their copyright protection under the provisions. It was hoped that this would direct stakeholders in the direction of design protection under the designs legislation.

   The consideration being that a three dimensional reproduction of a two dimensional artistic work could be protected for the life of the author plus 50 years, as it was before the Australia US Free Trade Agreement. This was a far more appealing protection than the design term which was for less than 20 years.

   In *Global Brand Marketing Inc v YD Pty Ltd* [2008] FCA 605, the trade mark owner (Diesel), was able to resist challenges to its registered trade mark, in particular a shape mark, based on certain features of the shoe, which included the shape of the shoe, the inclusion of the letter D on the rear and the outside of the shoe and a rubber cross-hatched pattern on the sole with a square containing the stylised letter D. It was determined that these features, quite apart from the incidence of registration, were likely to distinguish the goods of one trader from the goods of others, being an essential aspect of trade mark validity.

   Therefore, through the clever use of other trade marks, Diesel was able to circumvent the design registration system and obtaining a virtual monopoly in the design of that shoe in perpetuity, rather than being limited to the term of design registration.

2. The current case of *Roadshow Films Pty Ltd & Ors v iiNet Ltd* NSD1802/2008 should be monitored as the Federal Court is being asked to find an Internet Service Provider liable for infringements conducted by sites utilising its server. The basis for the claim being that the ISP is authorising the infringements (see s 36 of the *Copyright Act* 1968), of music by peer to peer file sharing by not taking action to shut them down. The effect of the 'safe harbour provisions' introduced into Australia as part of the obligation to harmonisation of IP laws through the Australia US Free Trade Agreement, will be tested in this test case.

   The applicants, claim that despite notices and evidence of infringement being served on them, the ISP failed to 'shut down' the illegal activity. The ISP claiming that in the absence of a court decision that it was illegal, it was only an allegation. There was no suggestion that the ISP profited directly from the infringements.

   The matter is before the court in July for directions to trial.

   It seems, leaving aside 'safe harbour' provisions, that the situation is essentially whether the ISP is a joint tort-feasor, in short whether the ISP participated in a common design, a common purpose with the proprietors of the infringing sites.

   In a similar case, in order to deter trade mark infringement, Louis Vuitton took action some years ago, against operators of a market as being joint tort feasors with stall holders who had been selling goods bearing trade marks substantially identical to or deceptively similar with Louis Vuitton registered trade marks. There were similar 'trap' purchases which the market operators were notified of, together with requests to shut down the offending stall holders, which was not done.

   Dowsett J of the Federal Court of Australia did not feel the facts of the case warranted such a construction of common design: *Louis Vuitton Malletier SA v Toea Pty Ltd*) (No 2) [2006] FCA 1823 (29 November 2006).

   There is understandably a great interest in this case, particularly as it seems to suggest a strategy which might impact on the unauthorised reproductions of sound recordings.

3. The decision of Stone J in *Mont Adventure Equipment Pty Limited v Phoenix Leisure Group Pty Limited* [2008] FCA 1476 has considered an issue which has the effect of reducing the ability of patent holders to rely on a grace period in relation to prior publications or uses.

   In a landscape where there were no previous decisions, the issue to be determined was whether the grace period, which protects patents from publication or use of the invention within 12 months before the filing date of the complete application, was a protection dating back from the complete application of the parent application or the complete application of the innovation patent, which was a divisional application from the parent.

   The protection against prior disclosure is contained in s24 of the *Patents Act* 1990 and cl. 2.2(1A) of the *Patents Regulations 1991*. The effect in the case, was that applying the 12 month grace period to the later compete application of the innovation patent, left the prior disclosure beyond the reach of the grace period protection and exposed the suspected disclosure to be taken into account as part of the prior art.

4. Another area in which we in Australia languish behind the UK and US is the question of entitlement to a patent. In *Stack v Davies Shephard Pty Ltd* (1999) 47 IPR 525 (Trial Judge); *Davies Shephard Pty Ltd v Stack* (2001) 51 IPR 513 (Full Court) and *Conor Medsystems, Inc v The University of British Columbia (No 2)* [2006] FCA 32, it was determined that a grant to persons who were not in fact the inventors of the invention OR where there was a grant to some but not all of the inventors, had the fatal effect of rendering the patent invalid under s 138 of the *Patents Act*. These decisions were based on old UK case law, which insisted that the patent had to be granted to the 'first and true inventor'. Failure to do so however was fatal.

   In the US, judicial opinion was against defendants who did not claim an interest in a patent from raising the ground of invalidity arising from the non-joinder or mis-joinder of persons as inventors.

   For example, in *DeLaval Separator Co. v Vermont Farm Machinery Co.*, 135 F. 772 (2d Cir. 1904) it was said:

"The defence is purely technical, and destroys a meritorious patent, purchased by the complainant in ignorance of its infirmity, and at a considerable price". Similarly, in:

- *Delaski and Thropp Circular Woven Tire Co. v William R. Thropp and Sons Co.*, 218 F. 458, 465 (D.N.J. 1914) Affirmed 226 F.941 (3d Cir. 1915) it was said:

"This defence has… always been regarded as technical, and looked upon with disfavour by the courts, and clear and convincing proof has uniformly been required to sustain it."

- *Buono v Yankee Maid Dress Corp.*, 77 F.2d 274, 26 U.S.P.Q. 57 (2d Cir. 1935), Judge Learned Hand was strongly critical of the defence saying in *obiter*: 'courts have always regarded this defence with hostility; and, as far as we can see, it is totally without justification either in the statute or in any implications from the patent law at large… [I]f a single inventor has mistakenly associated another with him in application it makes no conceivable difference to the public or anyone else that he is called a co-inventor and not a partial assignee, which in substance he must be.

In the 1950's in the US, powers were given to the equivalent of the Commissioner of Patents, the Director of Patents and Trade Marks, to add persons not named on the grant or remove persons, who because of an error were named as inventors from the grant. The removals or additions were able to be made without invalidating the patent.

In 1977 in the UK, wide powers were given to the Comptroller (again the Commissioner's equivalent), to add or remove persons from the patent grant without affecting its validity. These extensive powers were given not only in cases of error but in any case where the recipient/s of the grant was or were not entitled to the grant of a patent or were not entitled by themselves to the grant. In addition in the UK, only those claiming an interest themselves could challenge patent validity on the grounds of entitlement.

5. A very 'hot' topic at the moment, particularly with universities and research commercialisation organisations, is the question of ownership of intellectual property rights arising during the employment of a person.

The Full Federal Court heard an appeal against the decision of French J (as he then was) in *University of Western Australia v Gray (No 20)* [2008] FCA 498 in November 2008 (the 'UWA decision'). The decision is awaited with great interest.

The case involves the development and ultimate patenting of methods of addressing liver carcinomas through the use of microsphere technology. Tiny microspheres carry with the aid of an agent, either a radiation 'burst' or a drug or magnetic particles later heated, to the site of the cancerous tissue. In attacking the cancer, the technology does not damage the healthy liver tissue.

The *Patents Act* does not have a provision setting out a starting position on the issue of ownership of patentable subject matter as is reflected in s 35(6) of the *Copyright Act*. Frankly, I don't think it needs one as the common law consideration of what is done 'pursuant to the terms of employment' will refer to the common law in order to interpret s 35(6).

The issue will be whether the invention was made in the course of the person's contract of service. In the light of the UWA decision, the question is whether we need to go further and stipulate matters which should be taken into account in determining what the courts should consider relevant. For example, it was once relevant that the facilities of the employer were utilised in the process of arriving at an invention. If that has importance in these days, the decision in the UWA decision has diluted it.

In the UK for example, two former employees were paid $2.1 million dollars by their former employer GE Healthcare, for their work as the company's employees, in relation to a radiopharmaceutical heart imaging agent. The agent had estimated sales in the sum of just under $2 billion. The inventors were paid pursuant to a provision in the UK Patents Act permitting payment to employees for an invention "of outstanding benefit to the employer".

A similar situation has occurred in Japan where an employee has become a millionaire overnight. Mr Shuji Nakamura developed the blue light emitting diode, or LED, which is widely used in traffic signals, illumination and for storing information onto optical disks, mobile phones and computers.

Given the statements by his Honour in the UWA decision at [14], to the effect that universities should consider a profit sharing regimes with highly qualified staff, some consideration should be given to this aspect.

This area will need to be considered regardless of the appeal in the UWA case, but will have particular interest and I dare say impetus, if the appeal by UWA is dismissed.