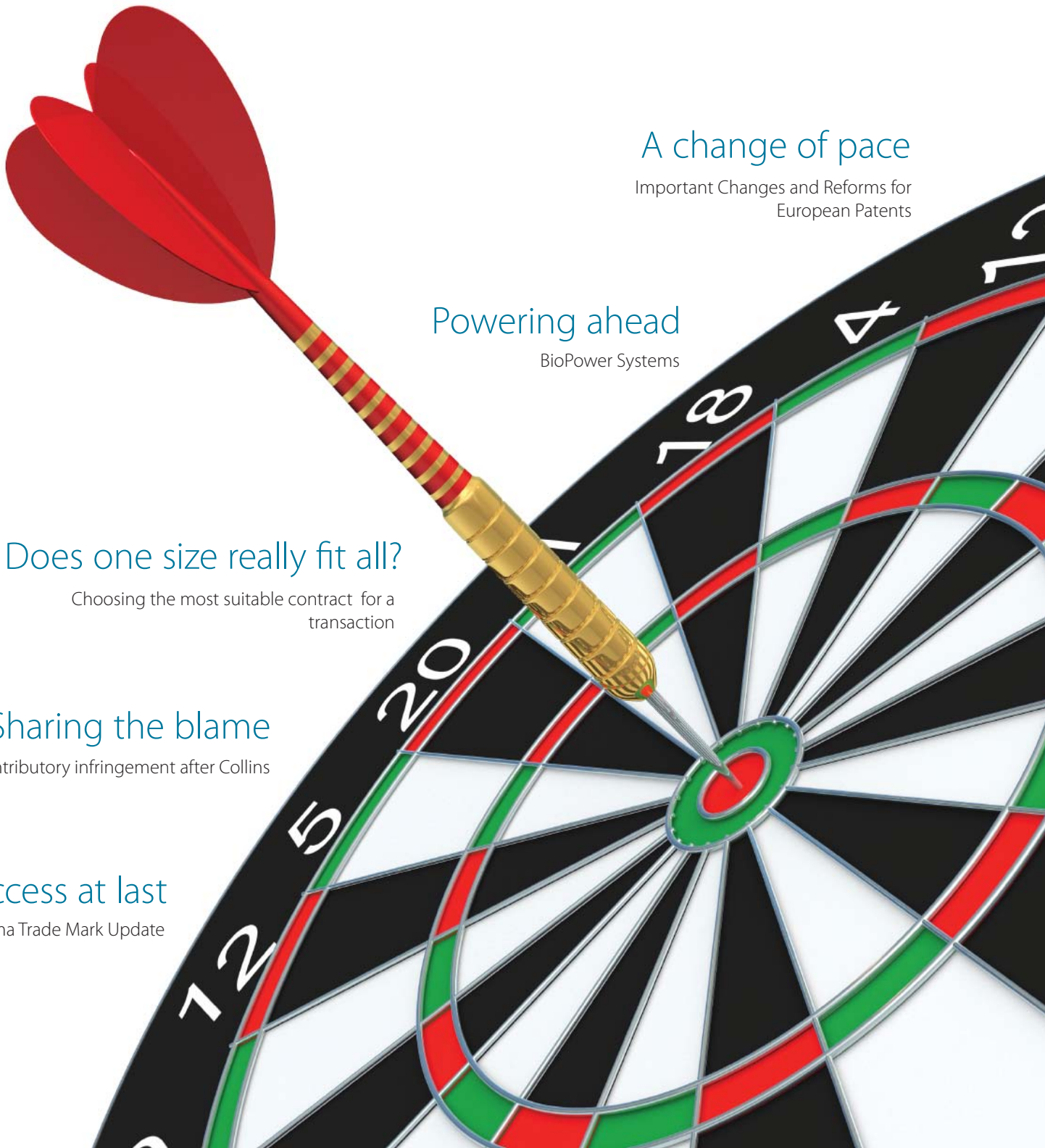


In Practice™

Intellectual Property News



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Important Changes and Reforms for European Patents



The European Patent Convention 2000 (EPC 2000) signed in 29 November 2000 is a revision of the European Patent Convention and the implementing regulations that came into force on 13 December 2007. Most of the changes affect the practice and procedure of the European Patent Office (EPO), while some of the changes are of a more substantive nature impacting the patentability of inventions.

Changes to State of the Art

To be patentable under the EPC, an invention must be “novel” or new in terms of the state of the art. For a later filed European patent application, the state of the art impacting novelty included any earlier filed European patent application that was later published (“a conflicting patent application”) to the extent that the two patent applications designated the same contracting states. This was so even though the conflicting patent application was not publicly available when the later patent application was lodged. This prevented double patenting of an invention in the same contracting state of the EPC. A conflicting patent application does not form part of the state of the art for assessing the inventive

step of the invention claimed in the later application.

Under the EPC 2000 changes, the requirement for identical designations is abolished for new European patent applications. The state of the art includes earlier filed applications that are published regardless of the designations.

Purpose Limited Product Protection for Second Medical Use

Product protection is available under the EPC 2000 changes for second and further medical uses. An example of this claim format is: “compound ABC for treating disease XYZ”. This is a claim format that is available in addition apparently to the well-established Swiss-style claim format for second use: “use of compound ABC in the manufacture of a medicament for treating disease XYZ”.

New Practice for According Filing Date

Several EPC 2000 reforms have made it simpler for a new European patent application to be accorded a filing date. The patent application must indicate that a European patent is sought, identify the applicant or provide information permitting the applicant to be contacted, and provide a written description of an invention or a reference to a previously filed European patent application. Significantly, the description of the invention or reference can be in any language now.

Furthermore, at filing, a European patent application no longer must have at least one claim and designate at least one contracting state to be accorded a filing date, as was previously the case. However, a prudent patent applicant would file a European patent application with a complete set of claims to ensure the fullest possible protection can be obtained and avoid other problems.

Filing Missing Parts

If a European patent application is filed but is incomplete, the EPO informs the applicant of the missing parts. Under the new changes, missing parts of the description and drawings

can be submitted. The missing materials must be submitted within one month of a communication from the EPO about the missing parts. However, the EPO may re-date the patent application to the date of receipt of the missing parts, unless the missing materials are completely contained in any priority document from which the European patent application claimed the benefit of an earlier filing date. If the EPO re-dates the European patent application, the applicant can withdraw the missing parts that were filed within one month of the EPO communication about the re-dating and thereby retain the earlier filing date.

Priority Claiming

The ability to claim the benefit of the filing date of an earlier filing date is now extended to patent applications filed in or for any member of the World Trade Organization (WTO), as well as any state party to the Paris Convention for the Protection of Industrial Property. Under the EPC 2000 changes, if the 12-month deadline for claiming priority is missed, an applicant can still make a priority claim if the European patent application is filed no later than 14 months after the earliest priority date and a request for reinstatement of rights is made. Also, the priority declaration can now be corrected within 16 months of the earliest filing date. Further, a translation of the earlier filed application is no longer required unless requested by the EPO.

Further Processing

In certain circumstances previously, missing a deadline resulting in a total loss of rights could be remedied under the “further processing” mechanism of the EPC. Further processing is now extended to deadlines set by the EPC and those set by the EPO where only a partial loss of rights is involved. However, not all missed deadlines can be remedied using further processing if those deadlines are excluded by the EPC.

Supplementary Searches

An applicant of an International (PCT) patent application designating the EPO and

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containing claims directed to more than one invention is advised to have all claims searched by the International Searching Authority. For any national phase entry of the International patent application filed at the EPO, the EPO conducts a supplementary search of one set of claims searched in the International patent application where the claims lack unity of invention. Previously, an applicant could request the EPO to search claims in a European patent application that were not searched by the International Searching Authority, but this is no longer possible.

By having all claims searched in the International patent application, the applicant can ensure to have the broadest scope to choose the first set of claims in the European patent application that will be searched by the EPO in the supplementary search. Other claims directed to one or more other inventions can be the subject of a divisional patent application.

Requests for Limitation or Revocation

The EPC 2000 changes introduce a procedure at the EPO for centrally limiting or revoking a European patent at any time during the term of the European patent.

A number of other revisions have been introduced by the EPC 2000 reforms, but are not discussed here since they are likely to be less frequently encountered by most applicants of European patent applications.



Scott Berggren

Principal

scott.berggren@sprusons.com.au

One of Spruson & Ferguson's clients, and the winner of the University of Sydney's 2006 Spruson & Ferguson Intellectual Property Strategy Prize, BioPower Systems Pty Limited, has recently been awarded a \$5 million grant under the Australian Government's AusIndustry Renewable Energy Development Initiative (REDI). The REDI grant will be matched by BioPower to fund a \$10.3 million, two-year project involving the deployment and ocean-testing of the company's wave and tidal current energy converters. The company has also received cornerstone funding from CVC REEF Limited, the Federal Government's Renewable Energy Equity Fund.

BioPower System's ocean power conversion technologies are based on the concept of biomimicry, using

biological species as inspiration in engineering design. The bioWAVE wave power system and bioSTREAM tidal power system are visibly reminiscent of sea plants and swimming species. The inventor of these ocean power technologies, BioPower's Chief Executive Officer, Dr. Tim Finnigan, said: "Some of the traits that we observe in large sea plants and fish provide us with clues on how to design machines that will function well in the ocean environment, convert energy efficiently, and survive in the worst storms."

BioPower plans to build and install full-scale, 20-metre prototypes of both its wave and tidal-stream systems, each capable of generating enough power to supply up to 500 homes. BioPower has identified two preferred sites in Tasmania. BioPower has conducted preliminary site investigations at King Island as a location for testing of the bioWAVE, and at Flinders Island as a location for testing the bioSTREAM. At both locations, the company proposes 250kW installations supplying power into Hydro Tasmania's distribution system on the islands. Both islands rely on diesel-fired generators and wind for power supply, so the project could further reduce greenhouse gas emissions through the addition of carbon-free renewable energy.

Spruson & Ferguson extends its congratulations to Tim Finnigan and the team at BioPower Systems on its successes to date and wishes the company well in its upcoming full-scale ocean testing.

Further information on BioPower is available at www.biopowersystems.com.



Does one size really fit all?

Choosing the most suitable contract for a transaction



If there was such a thing as the 'perfect contract' which could be used for every transaction, then commercial lawyers would simply need to draft a document each time that resembled that perfect contract as closely as possible. In reality, however, every transaction is different so that a contract which is most suited to one transaction does not necessarily provide the best solution for the next one. It is obviously important to ensure that legal documentation is drafted in a way so as to implement commercial arrangements in the most effective manner. Choosing the most suitable contract type will assist with this task.

Different contract types

Contracts can be drafted in many different ways, including as short form contracts, letter agreements, long form or standard form contracts.

Letter agreements

Letter agreements are contracts written in the form of a letter from one party to the other. Letter agreements appear less formal and 'legalistic' and are therefore particularly suited for dealings with individuals or less sophisticated businesses. Letter agreements are also commonly used for documenting minor amendments to an existing contract or recording agreed commercial parameters for subsequent negotiations (sometimes known as a Letter of Intent) which may or may not be binding.

Short form contracts

Short form contracts do not comprehensively deal with every aspect of a transaction but rather focus on the most important elements or deal with elements in less detail. For example, a short form contract may provide for joint ownership of

IP without going into the details of how such jointly owned IP is to be managed. As such, short form contracts generally provide less protection than comprehensive, long form contracts. Nevertheless, short form contracts have several advantages, as they generally require less time to prepare and review, are easier to understand by inexperienced parties, and lead to shorter negotiation periods. Short form contracts may therefore be preferable from a commercial point of view for one-off, short term arrangements which do not involve large sums of money or risk.

Long form contracts

Long form contracts deal more comprehensively with all aspects of a commercial arrangement and therefore usually provide maximum protection. However, the preparation, review and negotiation of long form contracts is usually much more time consuming and expensive with several rounds of amendments by both parties required before a final version can be agreed.

Standard form contracts

Standard form contracts contain an organisation's preferred terms for a certain type of transaction from which it is generally reluctant to depart. Confidentiality agreements and general terms and conditions of sale are commonly in standard form.

Standard form contracts often consist of a schedule which contains the commercial variables for each transaction (such as the start and end dates, price, description of goods and services and delivery dates) and a separate section containing the operative provisions of the contract.

Choosing the most appropriate contract type

When deciding on the most appropriate contract type for a particular transaction, all relevant circumstances need to be taken into account. Some of the factors which may indicate whether a short form or a long form contract would be more suitable are set out in the table [below].

Short Form Contract	Long Form Contract
Low dollar value / risk	High dollar value / risk
Low strategic importance	High strategic importance
Short term arrangement	Long term arrangement
Past dealings with other party	No past dealings with other
Availability of external reference terms	No external reference terms available
Unsophisticated other party	Sophisticated other party
Negotiation by commercial managers	Negotiation with legal adviser or legal assistance
Short timeframe for execution	Longer timeframe for execution

Sharing the blame

Contributory infringement after Collins

In some cases, it may be obvious which contract type to use. For example, for a multi-million dollar worldwide, exclusive patent licence nothing short of a comprehensive long form licence agreement will usually do. Likewise, when entering into similar commercial arrangements with numerous third parties, the preparation of template or standard form documents may be the logical move forward.

However, in other cases, the choice may be less obvious. For example, a one-off short term research services agreement with low fees may nevertheless be strategically significant as it could constitute the basis for future collaborations or licensing deals between the parties. Similarly, a material transfer agreement with a public sector research organisation where no money changes hands may lead to the creation of commercially valuable inventions. In such cases, the time, effort and expense involved in negotiating a long form contract may not seem justified at first glance, but on closer consideration a short form contract may not be sufficient.

One should always take care to consider not only the monetary value of the transaction but also the possible risk – often low ‘value’ contracts may still have substantial downsides if things do not go to plan.

In any event, the choice of contract type should be undertaken with care and only after consideration of all relevant issues. Sometimes this may require digging below the surface and considering what may happen if things do not proceed as expected!



Silke Semitecolos

Associate

For further information please contact

Philip Heuzenroeder

Principal

philip.heuzenroeder@sprusons.com.au

If you are a patentee wishing to defend your rights, or if you want to operate in an area that is subject to someone else's patent and you need to avoid infringing, you should understand the principles of both direct and contributory infringement.

The recent set of Australian cases (Collins^{1,2}) involved a patent for methods of obtaining oil from the tree species *Callitris Intratropica*. The Northern Territory Government ('NTG') issued licences to Australian Cypress Oil Company Pty Ltd ('ACOC') authorising ACOC to take this type of timber from Crown Lands. Mr and Mrs Collins, owners of the patent, alleged that by issuing the licences the NTG infringed their patent as a contributory infringer.

Background

Australian courts have traditionally been reluctant to extend the scope of patent monopoly beyond direct infringement. This has been based on the premise that the vendor of a product who by selling that product “merely” facilitates infringement, should not be subject to infringement proceedings, even if vendor sells the product knowing that the purchaser intends to use that product to infringe a patent.³

Contributory infringement under statute

A 1984 review of Australia's patent regime⁴ found that patentees had significant difficulty trying to enforce their patent rights when infringed by consumers supplied by an unauthorised third party with the means to infringe. Section 117, which extends the statutory concept of infringement to include “contributory infringement”, was subsequently introduced into the Australian Patents Act.

A partial paraphrase of s 117 states that ... *if the use of a product by a person would infringe a patent, (and) ... if the product is not a staple commercial product, then the supply of that product by one person to another is an infringement of the patent by the supplier ...*

The Collins cases and s 117

The aspect of “supply”

At first instance Mansfield J found that “there is no positive act of the Territory which, in terms of the definition of “supply”, amounted to the “sale, exchange, lease, hire or hire-purchase” or the offer to supply by way of sale etc of the timber”. Accordingly, the grant of the licences to ACOC did not amount to the “supply” of the timber by the NTG to ACOC for the purposes of s 117(1). However, on appeal Branson and Sundberg JJ of the Full Federal Court (French J dissenting) found that what ACOC had was not so much a licence to enter upon land and take timber but an obligation to do so. There was no doubt that ACOC was in need of the NTG's timber. It was unable to obtain it without the NTG's consent. In those circumstances the NTG provided or furnished the timber to ACOC, and thus “supplied” it to ACOC.

The aspect of “staple commercial product”

At first instance the primary judge noted that “... but for one feature, the timber was a “staple commercial product”. The distinguishing feature was that the NTG had “written off” the trees on the land in question as a commercial crop for use as timber”. His Honour found that the decision of the NTG ... not to maintain the plan to allow further growth of the trees ... for harvesting for timber (did not result) in the timber from those trees losing that character (as a staple commercial product). Accordingly, the timber was a “staple commercial product” for the purposes of s 117(2)(b). However, on appeal the Full Court, by majority, found that a quality of a ‘staple commercial product’ is that it is an item of commerce in the sense that it is ordinarily available for purchase from an entity that trades in that product. Their Honours noted that no evidence was presented showing that the trees in question could be purchased without difficulty by a person wishing to obtain a supply thereof.

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Sharing the blame: Contributory infringement after Collins

Instead they found that a person wishing to obtain unmilled *Callitris Intratropica* trees, at least in the Northern Territory, must apply to the Crown for a licence to harvest the trees from Crown Land. For such a licence or permit to be granted, it appears that the applicant must assume significant obligations. They thus found that these trees, at least in the Northern Territory, are not a 'staple commercial product' for s 117(2)(b) of the Act.

How effective is Section 117 in relation to method claims?

A fundamental remaining issue was the extent to which s 117 is effective in regard to method claims. The applicable case law in this regard prior to Collins is exemplified by *Rescare*^{5,6}, and *Bristol-Myers*.⁷

Rescare concerned a patent for a method of treating a breathing disorder by applying air under pressure to a patient through a nose-piece. The alleged contributory infringer (Mr X) had offered for sale apparatus together with instructions for use, for administering continuous positive airway pressure to treat this breathing disorder. Both the lower court and the Full Court commented that Mr X would not have been found liable as a contributory infringer under s 117.

Bristol-Myers concerned a patent for a method of administering taxol, a drug having anti carcinogenic properties. The alleged contributory infringer (Mr Y) sold taxol together with an information guide on how to use the drug for the treatment of cancer. The *Bristol-Myers* case was decided on other grounds, but Black CJ and Lehane J suggested that Mr Y would have been a contributory infringer under s 117. Returning to Collins, Mansfield J at first instance found against Mr and Mrs Collins on the issues of 'supply' and 'staple commercial product'. Accordingly, His Honour did not need to choose between *Rescare* and *Bristol Myers*. The Full Court

thus did not find it necessary to express a preference between the approaches adopted in *Rescare* and *Bristol Myers*, but explicitly constructed the following paraphrase of the Collins situation using the *Bristol-Myers* approach - 'If: (a) ACOC's use of the product would infringe the patent, and (b) the



Territory, as supplier of the product to ACOC, had reason to believe that ACOC would so use the product, then, the supply of the product is an infringement of the patent by the Territory.'

Conclusions

The Collins cases provide a solid if limited understanding of aspects of "supply" and "staple commercial product" in s 117 cases. The scope of s 117 as it applies generally to method claims was commented upon, but not used as a basis for decision in either Collins case. Since the case was remitted back to the trial judge to be further heard and determined, this matter has yet to be resolved.

¹*Collins v Northern Territory of Australia* [2006] FCA 1698

²*Collins v Northern Territory* [2007] FCAFC 152

³*Walker v Alemite Corporation* (1933) 49 CLR 643 at 658 per Dixon J

⁴"Patents, Innovation and Competition in Australia" by Australia's Industrial Property Advisory Committee (IPAC) 29 April 1984

⁵*Rescare Ltd v Anaesthetic Supplies Pty Ltd* (1992) 111 ALR 205

⁶*Anaesthetic Supplies Pty Ltd v Rescare Ltd* (1994) 50 FCR 1

⁷*Bristol Myers Squibb Co v FH Faulding & Co Ltd* (2000) 97 FCR 524



Martin Friedgut

Senior Associate

martin.friedgut@sprusons.com.au

Success at last

Pharma Trade Mark Update

Pharmaceutical brand owners have enjoyed limited success in opposition proceedings before the Registrar since the introduction of the Trade Marks Act 1995 on 1 January 1996. However, two recent decisions give some scope for optimism.

VALIUM

In November 2007, Roche Products Limited (Roche) successfully opposed registration of an application by Hylebut Pty Ltd (Hylebut) to register a composite trade mark containing the word Valium with an image of a person in a sitting position in respect of "clothing, hats" in Class 25.



Roche prevailed on the Section 60 ground, namely that because of the reputation of its VALIUM pharmaceutical brand, use of Hylebut's mark would be likely to deceive or cause confusion.

The Registrar's delegate found the respective trade marks were deceptively similar and acknowledged the considerable reputation enjoyed by Roche arising from its use of the VALIUM trade mark for pharmaceuticals for the treatment of anxiety and tension since 1963. However, evidence from an advertising and marketing expert, directed to brand extension, was disregarded.

Hylebut contended that its trade mark was merely a parody of Roche's VALIUM mark. The delegate gave this argument due consideration, but took the view that a sizeable proportion of the purchasing public would be caused to wonder whether or not

Roche is the source of clothing and hats. The delegate indicated that, in most cases, this would be brought about by a failure to recognise the parody in the situation. This is primarily because the word part of Hylebut's mark was identical to Roche's VALIUM mark. The delegate considered that the differences in the respective goods would not prevent an unacceptable level of confusion. Clothing items are notorious for their use as a medium to give greater exposure to well known trade marks and hats are sold in pharmacies.

RETROVIR

In February 2008, Glaxo Wellcome Australia Ltd (Glaxo) successfully opposed registration of applications by Bukwang Pharm Co., Ltd to register the trade marks Rebovoir and Revovir for "antiviral agents; preparations for treating hepatitis; therapeutic preparations for hepatic disease" in Class 5.

The oppositions were based on Glaxo's RETROVIR trade mark registration and use of this mark for pharmaceuticals for use in the treatment of HIV. Glaxo prevailed on the Section 44 ground, namely that the Rebovoir and Revovir trade marks were deceptively similar to the registered RETROVIR mark and covered the same or similar goods.

Significantly, the Registrar's delegate was quite critical of evidence from the Registrar of the Pharmacy Board of Victoria directed to the possibility of medical misadventure through the mistake of one prescription for another. This type of evidence had been criticised in earlier cases as involving general health policy considerations into the comparison of trade marks, rather than providing concrete evidence about the marketplace in which the pharmaceuticals are sold.

The marketplace for prescription pharmaceuticals is tightly regulated and involves the intervention of trained and educated healthcare professionals. Nonetheless, the delegate still took the view that the respective trade marks were deceptively similar. The trade marks in issue were relatively short and invented words,



of similar length and construction, have the same number of syllables and also have similar beginnings and endings. The delegate observed that people tend to recognise words from the pattern or outline that they form. The prospect of the respective trade marks being mistakenly recognised for each other was relatively high and there was an associative force between them. The delegate observed that healthcare professionals are human and the weight given to their professional training should not be undue.



Gerard Skelly

Principal

gerard.skelly@sprusons.com.au

New Appointments

Spruson & Ferguson is proud to announce the following appointments:



David Griffith, Managing Principal, Spruson & Ferguson has been appointed President of The Institute of Patent and Trade Mark Attorneys of Australia (IPTA).



Annette Freeman, Principal, Trade Marks Team, Spruson & Ferguson has been appointed to the Board of Directors of the International Trademarks Association (INTA).



Edward Genocchio, Principal, Mechanical Patent Team

Edward is a chartered professional engineer and entered the patent attorney profession in 1997, now specialising in mechanical patents and designs. Edward is on the National Professional Engineers Register, a member of the Institute of Engineers Australia, the Australian Institute of Management, and the Association of Professional Engineers Scientists and Managers Australia. He is also a Fellow of the Institute of Patent and Trade Mark Attorneys of Australia, a member of the Intellectual Property Society of Australia and New Zealand and the Association of Asian Patent Attorneys.



Lance Scott, Principal, Trade Marks Team

Lance Scott is a lawyer and registered trade marks attorney, specialising in the protection and management of brands. Lance has considerable intellectual property legal experience, having worked in industry and private practice in Australia, New Zealand and London. Lance has chaired a subcommittee (Asia-Pacific, Latin America & Africa) of the International Trade Marks Association (INTA) Dilution & Well Known Marks Committee. He has also served on both the New South Wales and Victorian Committees of the Licensing Executives Society, Australia and New Zealand (LES ANZ).



Chris Atichian, Senior Associate, Mechanical Patent Team

Chris is a registered Australian Patent Attorney and has completed a Bachelor of Mechanical Engineering at the University of New South Wales. Chris majored in alternative power systems and mechanical design whilst studying engineering. He has also completed a Masters in Commerce specialising in stock market finance and mathematical portfolio modelling. Chris has also obtained a Master of Industrial Property and is a Fellow of the Institute of Patent and Trade Mark Attorneys of Australia. In 2005 Chris worked at a law firm in Paris where he drafted patent specifications and prepared infringement advice before the European Patent Office.



John Hogan, Senior Associate, Mechanical Patent Team

John has practised in the field of mechanical and general engineering patents since 2001. Before joining Spruson & Ferguson in 2005, John worked as an in-house patent attorney for a large international manufacturing company, and also spent several years with another large Australian IP firm. John has also previously worked as a consulting engineer with a large Australian civil infrastructure services company. He has industry experience in the areas of road pavement design and construction, pavement management systems and the operation and maintenance of related equipment and machinery. John holds a Bachelor of Civil Engineering from the University of NSW, majoring in Geotechnical and Construction Engineering and is also an Officer in the Royal Australian Artillery.

Spruson & Ferguson
Patent and Trade Mark Attorneys

Level 35, St Martins Tower,
31 Market Street,
Sydney NSW 2000, Australia
Telephone: +61 2 9393 0100
Facsimile: +61 2 9261 5486
Web: www.sprusons.com.au
E-mail: mail@sprusons.com.au

Spruson & Ferguson Lawyers
Intellectual Property . Commercialisation

Level 35, St Martins Tower,
31 Market Street,
Sydney NSW 2000, Australia
Telephone: +61 2 9393 0300
Facsimile: +61 2 9267 9974
Web: www.sprusons.com.au
E-mail: mail@sprusons.com.au

Ella Cheong Spruson & Ferguson
Patent, Design and Trade Mark Agents

152 Beach Road #30-00 Gateway East,
Singapore 189721
Telephone: +65 6333 7200
Facsimile: +65 6333 7222
Email: mail@ecsf-asia.com
Web: www.ecsf-asia.com

Spruson & Ferguson produces two electronic bi-monthly newsletters:

Trade Marks E-news – a breakdown of important issues for trade marks and branding in Australia

Biotech E-news – a review of important issues in the Australian biotechnology industry

If you would like to receive either of these electronic newsletters, please email us at trademarksnews@sprusons.com.au or biotechnews@sprusons.com.au