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Thinking Green

Kinesis Pty Ltd - Leading the quest to reduce carbon emissions

Recently, the issue of environmental sustainability has moved from the realm of political debate and public discussion into the strategic development plans of many businesses. The need for sustainability planning requires businesses to develop capabilities for estimating their current carbon footprint and setting specific carbon targets. This requirement has highlighted a general lack of carbon emission management tools and reduction strategies.

Kinesis Pty Ltd, a client of Spruson & Ferguson, has established itself as one of the leaders in this quest to develop tools and corporate strategies to reduce emissions and tackle climate change.

Kinesis is a Sydney based consultancy that specialises in providing carbon related sustainability strategies for both government and business. Kinesis was established in 2007 and is led by Bruce Taper and Nick Rowley who, collectively, have more than 20 years experience in developing and implementing innovative carbon management. They also have extensive backgrounds in the development of policies and regulations at the highest levels of government.

The company also has at its disposal an experienced team of professionals with proven records in the areas of scientific, mathematical, and statistical analysis as well as program implementation, research and web application design. Using this combination of strategic policy and technical expertise, the company has developed a software-based reporting and modeling tool for carbon emission management. The tool helps develop an understanding of the carbon metrics of a client's business portfolio. Realistic targets may then be set for emission reductions. The effect of various emission mitigation strategies on carbon emissions can also be evaluated.

Initial estimates of the carbon footprint of a client's business portfolio are usually based on limited consumption data and are obtained



almost instantaneously. If more detailed consumption data is available, more accurate estimates of the current carbon emission may be computed. The availability of specific consumption data also allows more accurate estimation of the efficiency of any proposed emission mitigation strategy. Feedback loops can be introduced to further improve the accuracy of the calculations. The online availability of the tool makes it flexible and convenient to use.

The extensive technical expertise of the company has not gone unnoticed and the client list of Kinesis Pty Ltd includes some well known names. For example, Kinesis led the Climate and Environment analysis and policy development of the City of Sydney's Sustainable Sydney 2030. As a part of this project, Kinesis developed an innovative strategy to transform the City's energy, water, heating and cooling needs using low-carbon "green transformers". The solution provides the City of Sydney with a comprehensive strategy

to make deep emission cuts quickly and at scale.

Kinesis has an ongoing relationship with Stockland to assist them with carbon management of their property portfolio. The foundation of this work has been a commission to customise and deploy Kinesis' carbon management tool. The tool's reporting and modelling capabilities have enabled Stockland to collate, report and manage sustainability and emissions data of their activities and assets.

Kinesis is also currently deploying their carbon management tool with Waverley Council in Sydney's eastern suburbs. This deployment will enable the Council to accurately and efficiently monitor the carbon emissions of their assets and those of the wider Waverley community. In addition, the carbon management tool will enable the Council to set achievable emissions reduction targets and track their progress towards those targets.

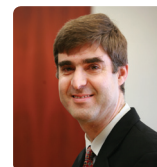
Spruson & Ferguson recently filed an international patent application directed towards the methodology and modelling processes associated with the Kinesis' carbon emission management tool. We wish Kinesis well in their further endeavours in a field which, apart from good business opportunities, provides a service to both our society and the environment.



Paul Massey

Principal

paul.massey@sprusons.com.au



Valentin Bogdanov, PhD

Associate

valentin.bogdanov@sprusons.com.au

An Icy Reception

High Court Overrules the Full Federal Court's decision in "IceTV"

In April 2009, the High Court of Australia reversed the Full Federal Court's decision in the IceTV case and reinstated the first instance decision of Justice Bennett.

IceTV compiled an electronic program guide ("EPG") by first having its content manager watch television over a period of three weeks in August 2004 to record the time and title of programs broadcast – a process which he described under oath as "torture".

IceTV then updated the EPG from week to week by comparing its original data with program information available in published television guides and amending the "time and title" information for Nine's programming schedule where there was a discrepancy.

The Nine Network Australia Pty Limited ("Nine") sued IceTV for infringement of copyright in its weekly schedules which it provided to "aggregators" for inclusion in the published television guides used by IceTV.

The parties agreed that the weekly schedules were literary works, being compilations, and that Nine was the owner of copyright subsisting in the weekly schedules.

The High Court later commented that this concession led to insufficient consideration of the role of the authors of the weekly schedules and the "originality" of those authors in creating the weekly schedules.

During the proceedings, there was no allegation that by facilitating the recording of broadcasts and skipping of advertisements IceTV had contravened any provision of the *Broadcasting Act* or otherwise engaged in any unlawful conduct including breaching copyright in the television broadcast or the television programs themselves.

At first instance, Justice Bennett of the Federal Court held that there was no infringement, but her decision was reversed by the Full Federal Court which held that IceTV had copied a



substantial part of the weekly schedules by copying the time and title information, since that information was a "central element of [Nine's] business as a television broadcaster."

The Full Court adopted the position that the "quality of what is taken must be assessed by reference to the interests protected by the copyright" and that in "the case of a literary work, including a compilation, the quality relevant for the purpose of substantiality is the literary originality of what has been copied."

However, the High Court found that the authors of the weekly schedule had little choice in the particular form of expression of the time and title information as that expression is "essentially dictated by the nature of the information" and that that expression "lacks the requisite originality... for the part to constitute a substantial part."

Consequently, the High Court held that the part of the weekly schedule alleged to have been reproduced by IceTV (the time and title information) was not a substantial part of the weekly schedules and therefore did not infringe.

The High Court commented that rewarding skill and labour in respect of compilations without any real consideration of the

productive effort directed to coming up with the particular form of expression of information, i.e., the author's original input, can lead to error.

The High Court held that the skill and labour devoted by Nine's employees to programming decisions was not directed to the originality of the particular form of the expression of time and title information.

Although a form of expression may be original even if business considerations dictated the decision to adopt a particular form, the critical question for the High Court was "whether skill and labour was directed to the particular form of expression of the time and title information, including its chronological arrangement."

The legal ramifications of this decision include the dilution of the "sweat of the brow" doctrine, by which copyright may subsist in a compilation simply through industrious collection of data as a reward for the hard work that went into collecting the facts.

During the proceedings, the Australian Digital Alliance Ltd made an appearance as a friend of the court and asked the High Court to find that, contrary to the decision by the Full Court in *Desktop Marketing Systems Pty Ltd v Telstra*

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Corporation Ltd, there must be a creative spark or exercise of skill and judgment before a work is sufficiently original for the subsistence of copyright.

In response to the Digital Alliance's request, the High Court commented that the reasoning in *Desktop Marketing* with respect to compilations may be out of line with the understanding of copyright over many years and that the emphasis in *Desktop Marketing* on "labour and expense" *per se* and on misappropriation must be treated with caution.

As Australia has no separate database right, the High Court's decision could weaken the protection available in Australia for compilations of facts since, of course, there is no copyright in facts.

From a commercial point of view, this decision could threaten the revenues derived by free to air television broadcasters in Australia.

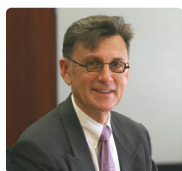
IceTV's EPG was promoted as helping viewers to program their media centre or personal video recorder in advance to record television programs for viewing at a time more convenient to the viewer ("time shifting"), which of course would allow the viewer to skip through commercials during playback.

The majority of Nine's revenue is currently derived from advertisements broadcast during television programs and, during the litigation, Nine's counsel explained that Nine's commercial interest in the litigation was directly related to the loss of revenue that might be occasioned by the "skipping" of advertisements.

With Australia's migration to digital TV, personal video recorders, including Foxtel's IQ device and the TIVO device, are becoming more common.

As consumers increasingly engage in time shifting with the assistance of EPGs like IceTV's EPG, and skip through commercials when doing so, Nine and other free to air broadcasters are likely to find their major revenue stream under threat.

This may see the increase of banner advertisements superimposed over the television programs or perhaps an increase in product placement advertisements in the broadcasters' own productions.



Simon Williams

Principal

simon.williams@sprusons.com.au



Rohan Singh

Senior Associate

rohan.singh@sprusons.com.au

The recent case of *LED Technologies Pty Ltd v Elecspe Pty Ltd* [2008] FCA 1941 is one of only a few design infringement cases decided under the (relatively new) *Designs Act 2003*. This decision covers a wide range of issues under the new design laws including authorship, quality of representations (drawings), validity, infringement and damages.

Authorship

The plaintiff was the registered proprietor of a number of design registrations for LED lamp assemblies for motor vehicles. Authorship of the design was challenged by alleging that specifics of the final products marketed by the plaintiff were designed by their manufacturer in China, and thus, the authors named in the registration were in error. However, the Court found that the author was the "person whose mind conceives the relevant shape, configuration, patent or ornamentation applicable to the article in question and reduces it to visible form". The Court also found that the original drawings provided by the (named) author to the Chinese manufacturer were sufficient to establish authorship of the design.

Drawing Quality

Whilst the applications were filed with line drawings of reasonable quality, those drawings were subsequently replaced during the application phase by photographic representations of arguably poorer quality. Interestingly, the Court found that each design was "reasonably clear and succinct... and (whilst the) drawings are not perfect or that they could be better or clearer... each design does appear with reasonable clarity, and without necessity for unreasonably prolonged or complicated series of deductions." The Court also found that representations contained in the electronic records of IP Australia were able to be magnified to illustrate details that would not ordinarily be visible, and further that the official record includes the file records of IP Australia which may not be reproduced on the electronic records (in this case the original informal drawings).

Well Designed

Federal Court supports designs registered under the Australian Designs Act



Validity

The validity of the designs was questioned on the basis of prior art. Design registrability requires a test of both newness and distinctiveness. Newness is a simple test of fact of whether there is an identical design somewhere in the prior art. No prior publication was identified. The Court held though that distinctiveness is assessed by comparing the design individually to each relevant piece of prior art, and not by comparing the design in question to the prior art base as a whole. This appears (under the provisions of the 2003 Act) to be in contrast to the decision of *Control v. Meco McCallum* [1996] FCA 475 where the defendant in design infringement proceedings was able to form a mosaic of the prior art to teach each and every feature of the registered design under the, now superceded, *Designs Act 1906*.

The Court also discussed the standard of a “informed user” and said that such a person:

1. is reasonably informed, not an expert but more informed than an average consumer;
2. is of an average standard however expert evidence may still be adduced in Court to assist the Court in applying the

informed user concept; and

3. focuses on visual features and is not concerned with internal features or features that are not visible to the naked eye.

Infringement

In considering the issue of infringement, the Court had the benefit of a statement of newness and distinctiveness associated with the design registrations. For each registration, the same statement was used and stated as follows:

“separate clip-in lenses, base to take a variety of 2, 3 or 4 combination lenses, tail and indicator, reverse LED lenses, no visible screws”.

The Court acknowledged that the alleged infringement contained two visible screws but even though the design emphasised “no visible screws”, the Court held that the presence of the screws “does not create a different visual appeal. The screws are the same colour as the flat strip or landing between each lens and sit low in the socket. They are not “visual” screws as one would describe the screws in some prior art... where the screws are chrome in colour and protruding.” The Court found that the alleged

infringement was “substantially similar in overall impression” and a witness in the proceedings acknowledged that the alleged infringements were closer to the registered designs than they were to the prior art. Infringement was therefore found. The decision also included clarification as to what is primary and secondary infringement.

Conclusion

The 2003 Act was touted as being one that would provide better scope for designers to enforce their intellectual property rights. This appears to have been well supported by the Court in this instance. In the author’s opinion, the registered proprietor was fortunate that the Court accepted the quality of the representations as registered, and even further that the Court sought to consider the representations as originally filed, which arguably were not on the “Register”. Also, the Court disregarded the apparent express limitation of “no visible screws” in the Statement of Newness and Distinctiveness whilst at the same time acknowledging the presence of visible (albeit almost hidden) screws in the alleged infringement.

Nevertheless, the decision is most encouraging for prospective design registrants.



Lee Pippard

Principal

lee.pippard@sprusons.com.au

Non-use Not Necessarily Detrimental

Pioneer Computers Australia Pty Limited v Pioneer KK



The Federal Court recently handed down its decision concerning an appeal from a decision of the delegate of the Registrar of Trade Marks in respect of an application for removal of two registrations for the trade mark “PIONEER” and device in the name of Pioneer KK on the basis of non-use.

The decision deals with various matters including whether the removal application was defective, whether the Applicant was a person aggrieved, whether use of the trade marks occurred in respect of the removal goods and services, and importantly, the exercise of the discretion of the Registrar/Court to allow trade marks to remain on the Register in circumstances where use of the trade mark in respect of the removal goods/services has not been made out.

Background

Pioneer Computers Australia Pty Limited (“PCA”) traded as a manufacturer and vendor of computer products and services since 1996. Pioneer KK was the well known Japanese manufacturer of audio and audio-visual products.

The removal goods included computers, computer peripheral devices and other computer products. The removal services comprised the installation, maintenance and repair of office machines and equipment, data

processing apparatus and computers. In the proceedings before the Trade Marks Office, the Registrar concluded that both registrations should be preserved in respect of the removal goods and the removal services. On appeal, PCA challenged the conclusion of the Registrar that there had been use of the trade marks in respect of computer peripherals and the decision of the Registrar to exercise the discretion under section 101(3).

Summary of Outcome

PCA relied upon both of the removal grounds under section 92(4) for the purpose of the Trade Mark Office proceedings and the appeal. That is, a lack of intention in good faith to use the trade mark on the day of applying for registration, with no use at any time up until one month before filing the removal application (being the ground provided for under section 92(4)(a)), and no use of the trade mark for a continuous period of three years ending one month before filing the removal application (being the section 92(4)(b) ground). The Court considered that the removal applications were defective insofar as the 92(4)(a) ground was concerned because the supporting statutory declaration did not refer to Pioneer KK’s intention to use the marks (as required by the regulations applicable at the time of filing).

In finding that PCA was a person aggrieved (a

requirement under section 92(1) as it stood at the time of filing of the non-use application), the Court took into account Pioneer KK’s previous threat of proceedings against PCA for trade mark infringement. Although PCA had not sold or supplied all of the removal goods or removal services under the trade mark “PIONEER” at any time (which Pioneer KK relied upon to argue that PCA was not a person aggrieved in respect of all of the removal goods and removal services), the Court noted that Pioneer KK had demanded a complete cessation of the use of the trade mark “PIONEER”.

The Court found that Pioneer KK had demonstrated use of the second “PIONEER” trade mark during the relevant period in respect of computer peripherals, but not in respect of the balance of the removal goods and removal services. Although there was no use of the first “PIONEER” trade mark during the relevant period, the Court found that the differences between the two marks did not substantially affect their identity. It was therefore necessary for the Court to consider whether to exercise its discretion under section 101(3) to allow the trade marks to remain on the Register even though the removal grounds (being non-use in this case) had been established in respect of the removal goods (save for computer peripherals) and the removal services.

In exercising its discretion under section 101(3) to allow both of the “PIONEER” trade marks to remain registered in respect of the removal goods, the Court took into account the following matters:

- » The convergence of computer products and audio visual products and the concept of brand extension, both of which were found to have resulted in some actual confusion (as between PCA and Pioneer KK) and be likely to give rise to confusion if the removal goods were sold under or by reference to the trade mark “PIONEER” by companies other than Pioneer KK.

Dependent or Not?

Dependent claims need not narrow scope of invention in Australia

» The established use of the Pioneer KK marks in respect of audio-visual products and multimedia devices. In that regard, section 101(4) was introduced in 2006 to provide that use of a trade mark in respect of similar goods or closely related services or similar services or closely related goods could be taken into account in the exercise of the discretion under section 101(3). Although the relevant period in this case pre-dated the introduction of section 101(4), the Court held that Pioneer KK's use of the trade mark "PIONEER" on closely related goods (being audio-visual products and multimedia devices) could be taken into account in considering whether to exercise its discretion under section 101(3). In other words, the Court was of the view that the introduction of section 101(4) in 2006 simply clarified the position concerning section 101(3).

With regard to the removal services (for which no use had been established during the relevant period), the Court did not consider that the above concepts of convergence and brand extension supported the exercise of the discretion in favour of maintaining the removal services.

As a result, the two registrations remain on the Register, the removal services being excised from the second registration.

The Court's exercise of its discretion under section 101(3) was conditional upon Pioneer KK providing an undertaking not to take action against PCA for past or future use prior to 31 July 2009 of the trade mark "PIONEER".



Simon Williams

Principal

simon.williams@sprusons.com.au

The Australian *Patents Act 1990* requires that a complete specification for a non-provisional patent application end with at least one claim defining the invention, and each claim must be clear, succinct, and fairly based on the matter described in the specification. Further, the claims must relate to one invention only (divisional applications may be required if there is more than one invention). These are the substantive legislative restrictions imposed on the nature and scope of claims per se in Australia. The patents legislation does not prescribe the characteristics of an independent claim, a dependent claim, and a multiple dependent claim. Instead, the rules concerning the drafting of such claims have developed through judicial precedents, although in some respects they are merely conventions.

In *Austal Ships Sales Pty Ltd v Stena Rederi Aktiebolag* [2008] FCAFC 121, the Full Court of the Federal Court held that "[t]here is no requirement of [Australian] patent law that [dependent] claims narrow the scope of earlier [base] claims, even though, as a matter of practice, this is often the case." At issue were claims concerning the hull structure of a multi-hull, catamaran-type ship. Independent claim 1 recited that "the width of the hull at the water line is substantially greater in the after body of the hull than in the forward body of the hull and continually decreases in a forward direction". However, dependent claim 7 referring back to any one of claims 1 to 5 recited that "the width of the hull at the water line is substantially constant in the case of the sternward quarter part of the vessel and then narrows towards the prow of the vessel." Thus, independent claim 1 required that the hull width at the waterline continuously decrease in a forward direction, but dependent claim 7 contradicted this aspect of claim 1 by requiring that the same hull width be substantially constant in part. The Full

Court stated that "Claim 7 is an alternative to claim 1, insofar as [independent claim 1] is limited by [the hull width continually decreasing in a forward direction]." The Full Court stated that the relevant integer of independent claim 1 and dependent claim 7 spoke of different concepts.

This is a notable point of distinction concerning claim drafting for Australia in contrast to requirements for dependent claims in the United States and Europe. The U.S. legislation permits a claim to be drafted in independent, dependent or multiple dependent form, but a claim cast in dependent form is construed to include all of the limitations of its base claim and must specify a further limitation of the subject matter claimed in the relevant base claim. Thus, in the U.S., a dependent claim must be narrower than its base claim; otherwise, a dependent claim that does not narrow the scope of the invention is invalid. Under the European Patent Convention (EPC), a dependent claim includes all the features of its base claim and a reference to the base and then states the additional features which it is desired to protect. Thus, a dependent claim that would otherwise be improper in the U.S. and Europe may be valid and enforceable in Australia. Notably, the Australian Patent Office Manual of Practice and Procedures does not reflect this decision of the Full Court of the Federal Court of Australia and states that a dependent claim will warrant an objection if the dependent claim extends beyond the scope of its base claim and does not include all the features of the invention defined by the base claims.



Scott Berggren

Principal

scott.berggren@sprusons.com.au



Spruson & Ferguson wins the 2009 BRW Client Choice Awards

We are pleased to announce that Spruson & Ferguson has been voted the **Best Patent Attorney and Trade Mark Firm** in Australia in the 2009 BRW Client Choice Awards. This achievement is the result of "the largest study of the clients of professional services in the world" and was conducted by Beaton Consulting.

We would like to extend our thanks to all of our clients and associates who participated in the survey, for helping us to achieve this great result. Providing our clients with the best quality service and expertise has been, and will remain, our absolute priority.

Current State of Play

Australian Patent Office relaxes requirements for certified copies

As a result of amendments to the Australian Patents Regulations that came into force on 1 January 2009, there is no longer a requirement to lodge certified copies of priority applications in respect of Australian patent applications, unless the Australian Patent Office specifically requests such a certified copy. We expect that the Australian Patent Office will only make such a request if intervening prior art is identified that requires assessment of the priority date of specific claims. If the Australian Patent Office requests a certified copy, it must be filed within three months of the request.

This change in practice is in line with the current practice for Australian design applications which already does not require the filing of certified copies of priority applications, unless requested by the Australian Designs Office.

There is also no longer a requirement to file a certified copy of the granted foreign patent on which any request for modified examination of an Australian patent application is based, unless specifically requested by the Australian Patent Office.

The specification of any Australian application that is the subject of modified examination must, however, still be identical to that of the granted foreign patent, apart from matters of form. If the Australian Patent Office does request a certified copy of the granted foreign patent, it must be filed prior to acceptance (i.e., allowance) of the Australian application.

Software and Business Method Patents in the U.S.

The recent decision of the Court of Appeals of the Federal Circuit in the case of *In re Bilski* has been appealed to the U.S. Supreme Court. The case decided by the Court of Appeals concerns an appeal against a decision of the United States Patent and Trademarks Office (USPTO). The USPTO has subsequently filed an Opposition to the appeal to the Supreme Court.

The Court of Appeal's decision relates to the scope of patentable subject matter in the United States of America and is of fundamental importance to computer software and business method patents.

Favourably to patent applicants, the Court of Appeals declined "to adopt a broad exclusion over software or any other category of subject matter beyond the exclusion of claims drawn to fundamental principles set forth by the Supreme Court" and reaffirmed its finding in the *State Street* decision that business methods, like other processes or methods, may be patentable.

However, the Court of Appeals repudiated its own prior "useful, concrete and tangible result" test as being insufficient for establishing patent eligibility. The proper test for whether a method or process claims is patent eligible, the Court said, is: (1) whether the claimed invention is tied to a particular machine or apparatus; or (2) whether the claimed invention transforms a particular article into a different state or thing. This appears to represent a restriction in the scope of patent eligible subject matter. In consideration of future developments in technology, the Court added that claims that do not meet the new test may yet be patentable. A positive result to the new test is thus sufficient, but a negative result does not *per se* preclude patent eligibility.

The decision confirms that a computer performing an operation upon data that characterises a physical object is clearly patent eligible. However, claims directed to a pure business method, even when performed using a computer, may not meet the new test for patent eligibility. Some judges, in dissent, expressed concern that the Court's majority decision would be regressive and possibly disadvantage some software-related patent applications.

A copy of the decision is available at: <http://www.cafc.uscourts.gov/opinions/07-1130.pdf>



Level 35, 31 Market Street
Sydney NSW 2000, Australia
T: +61 2 9393 0100
F: +61 2 9261 5486
E: mail@sprusons.com.au
W: www.sprusons.com.au



Level 35, 31 Market Street
Sydney NSW 2000, Australia
T: +61 2 9393 0300
F: +61 2 9267 9974
E: mail@sprusons.com.au
W: www.sprusons.com.au



152 Beach Road #30-00 Gateway East
Singapore 189721
T: +65 6333 7200
F: +65 6333 7222
E: mail@ecsf-asia.com
W: 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 trademarksenews@sprusons.com.au or biotechsenews@sprusons.com.au