

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 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

The Value of Dependent Claims

H Lundbeck A/S v Alphapharm Pty Ltd

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 Full Court of the Federal Court of Australia has recently handed down its decision in the Australian round of litigation relating to Lundbeck's patent for the antidepressant Escitalopram (marketed as LEXAPRO and CIPRALEX).

Escitalopram is the (+)-enantiomer of the antidepressant drug known as Citalopram (marketed as CELEXA and CIPRAMIL), which was claimed and prior published in a patent also owned by Lundbeck. The patent-in-suit claims Escitalopram and its non-toxic acid addition salts, pharmaceutical compositions containing them, and a claim to two processes for preparing Escitalopram.

The decision relates to appeals and cross-appeals arising from three separate proceedings concerning the validity of the compound and pharmaceutical composition claims of Lundbeck's patent for Escitalopram, the alleged infringement of the process claim, and the validity of an extension of the term of the patent.

A detailed summary of the decision at first instance, which included a fourth proceeding that was not appealed, can be found at:

<http://www.sprusons.com.au/epublications/newsalerts/alphapharm.html>

Importance of Dependent Claims

Ultimately, this Australian patent litigation demonstrates the value of including meaningful dependent claims during drafting, prosecution, or by amendment before litigating.

Much of the decision is concerned with the proper construction of claim 1, which is in the following terms:

1. (+)-1-(3-dimethylaminopropyl)-1-(4'-fluorophenyl)-1,3-dihydroisobenzofuran-5-carbonitrile and non-toxic acid addition salts thereof.

and specifically whether or not claim 1 encompasses "the purified or isolated (+)-enantiomer, or the (+)-enantiomer whether alone or as part of a mixture, or the

(+)-enantiomer as present in a racemate?" Bennett J found that "claim 1 is to the pure or isolated or separated (+)-enantiomer" (at [160]).

However, as commented on by Emmett J (at [66]), much of this argument might have been rendered academic by the inclusion of one or more dependent claims with a qualifying phrase such as, for example, "substantially pure"; "substantially free of the (-)-enantiomer"; or by the inclusion of an explicit level of purity.

A similar point can be observed in respect of claim 5, which was directed to a pharmaceutical composition in unit dosage form wherein the active ingredient is present in an amount from 0.1 to 100 mg per unit dose. Bennett and Middleton JJ affirmed the decision at first instance to revoke claim 5 for lack of utility (usefulness) as the primary judge had accepted evidence that the minimum useful dose of Escitalopram is 5mg, and the maximum is 40mg. However, a further dependent claim with a narrower range of unit dose might have been valid.

Novelty

By 2:1 majority, the Full Court affirmed the decision at first instance that claim 1 to Escitalopram, and its non-toxic acid addition salts, is novel over both the earlier Lundbeck patent claiming Citalopram, and a journal article that predicted the R-enantiomer of Citalopram would be far more potent than the S-enantiomer¹, as neither disclosure contained "clear and unmistakable directions to obtain the enantiomers" (at [194] per Bennett J).

It is important to note that whether or not a claim to any resolved enantiomer will be held to be novel in the light of a prior disclosure of its corresponding racemate will depend on the particular facts of the case.

Infringement of the Process Claim

The Full Court reversed the controversial decision at first instance that process claim 6(b) for obtaining Escitalopram had been infringed by Alphapharm's importation

Continued on page 8...