

Australia and New Zealand

The IP year for Australia and New Zealand

By **Matt Adams, Damian Broadley and Anton Gibson**, AJ Park

Australia

Raising the Bar

Australia's Raising the Bar provisions took effect on April 15 2013. Changes to trademark law include shortening the timeframe for opposing accepted trademarks from three months to two. The act also tightened opposition procedures, including a requirement to file a statement of grounds and particulars within one month of filing a notice of intention to oppose. Previously, notices of opposition could be filed claiming all available grounds and did not have to be refined until much later in the process. The practical implication of this change is that opponents now need to think about actual grounds of opposition much earlier.

Plain packaging law

Australia's tobacco plain packaging law has rolled out as planned and New Zealand intends to follow suit – but not until any resulting international trade disputes have played out. Since December 2012, all cigarettes sold legally in Australia have been in dull olive packaging with no branding, and featuring prominent – and graphic – health warnings. The New Zealand government has given clear signals that it will introduce similar measures once it sees the outcome of World Trade Organisation actions instigated by the Dominican Republic, Honduras, Ukraine and Cuba against the Australian government. Meanwhile, in Australia, the anti-alcohol lobby has been campaigning for similar plain packaging measures on alcohol labelling. The concern for rights holders is that tobacco could become the thin end of the wedge if alcohol, and possibly

snack foods, are next in line to be stripped of their branding.

Trademark owners come out on top

Recent Australian cases have scored victories for owners of well-known trademarks, including those not yet being used in Australia.

In *Scotch Whisky Association v Jin Ho Lee* ([2013] ATMO 1 (9 January 2013)), the Australian Trademarks Office commented on the nefarious practice of trademark trafficking. Defendants Lee and Lee had filed a number of applications for marks owned by Scotch Whisky Association (SWA) that were well known in other countries, but had not been protected in Australia. SWA successfully opposed two of the Lees' applications on the grounds of a lack of intention to use.

Despite there being little real risk of consumer confusion, DC Comics succeeded in preventing the registration of SUPERMAN WORKOUT by Cheqout Pty Ltd in Class 41, for services including fitness classes. In *DC Comics v Cheqout Pty Ltd* ([2013] FCA 478) Justice Bennett held that while there was no real risk of confusion in Cheqout's use of SUPERMAN WORKOUT, using the mark in conjunction with the colours red, white and blue, and a shield device which resembled that typically associated with DC's 'Man of Steel', amounted to bad faith. The case confirmed that while consumer confusion can be persuasive in showing whether there has been bad faith, it is not a prerequisite.

In *Winnebago Industries, Inc v Knott Investments Pty Ltd* ((No 2) [2012] FCA 785) US company Winnebago Industries had partial success enforcing its trademark rights despite a 25-year delay. Winnebago had been aware since 1985 that Knott Investments Pty Ltd was

using ‘Winnebago’ in Australia for recreational vehicles. Justice Foster in the Federal Court held that Winnebago had enough spill-over reputation in Australia – even in 1982, when Knott’s use began – to establish passing off and breaches of Australia’s Trade Practices Act and Consumer Law, and justify cancellation of Knott’s trademark registration. On appeal, the full court held that Knott could continue to use the mark, but only if its use disclaimed any trade association with Winnebago. The judge’s order cancelling Knott’s trademark registrations was upheld.

Changes to Google AdWords policy

Google’s AdWords policy in Australia and New Zealand changed as of April 23 2013, bringing both countries into line with the AdWords policy in most of the rest of the world. Previously, if a competitor was using a registered trademark as a keyword, the owner could lodge a complaint and Google would stop that use. Now, Google will not act to restrict someone else using trademarks as keywords.

Patent legislation

The Intellectual Property Laws Amendment Bill 2013 was introduced to Parliament on May 30 2013. The bill follows the Raising the Bar Act, which came into effect on April 15 2013, and is part of the government’s ongoing reform of Australia’s IP system.

The key drivers for the reforms are to:

- raise the quality of granted patents;
- provide free access to patented inventions for regulatory approvals and research;
- reduce delays in the resolution of patent and trademark applications;
- assist the IP profession;
- improve mechanisms for trademark and copyright enforcement; and
- simplify the IP system.

The main areas of reform in the bill relate to:

- the state use of pharmaceutical inventions;
 - the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs);
 - plant breeders’ rights;
 - the trans-Tasman single economic market; and
 - other miscellaneous amendments.
- The government is proposing to amend

Australian patent law to introduce:

- an objects clause to assist in the interpretation of the act; and
- an exclusion from patentability of inventions whose commercialisation would be considered wholly offensive to a reasonable and informed member of the Australian public.

One objects clause under consideration is that “the purpose of the patent system is to provide an environment that enhances the well-being of Australians by promoting innovation and the dissemination of technology and by balancing the competing interests of patent applicants and patent owners, the users of technology, and Australian society as a whole”.

Because patent examiners will have little ability to gauge ethical issues objectively in their role in applying the exclusion during the examination process, it is also proposed that the act be amended to give IP Australia the ability to “seek non-binding advice, and to have the discretion to decide the most appropriate way to do this”.

Gene patents

The question of whether isolated genes are patentable in Australia is under the spotlight. *Cancer Voices Australia v Myriad Genetics Inc* dealt with a patent involving claims for isolated DNA and RNA (nucleic acid). The court found that isolated genes constitute patentable subject matter under the Australian definition of ‘invention’.

This decision is under appeal. The appellant asserts that a gene is not relevantly different inside or outside the body. The argument is that the court was wrong to hold that removing genes from the human body created an “artificial state of affairs”, which is a requirement of being an invention.

As described above, there is a proposal to introduce an “exclusion for an invention the commercial exploitation of which would be wholly offensive to the ordinary reasonable and fully informed member of the Australian public”. It will be interesting to see what effect, if any, this exclusion will have on gene patents.

Software patents in Australia

The Australian Patents Act 1990 is silent on

the patentability of computer-implemented inventions. One of the requirements that an invention must satisfy to be patentable is that it be a “manner of manufacture”. Courts over the years have defined and refined this term.

There is some uncertainty involving method claims and the extent to which mere computer implementation results in patentable subject matter. There is a procedure in Australia where a delegate of the commissioner of patents reviews *ex parte* appeals from the adverse decisions of examiners and resolves *inter partes* oppositions. This procedure has seen some use over the last few years.

Delegates have taken an increasingly hard line on computer-implemented inventions based on creative interpretations of the law. The Federal Court rejected these creative interpretations in *RPL Central Pty Ltd v Commissioner of Patents* in a judgment that reaffirmed that software patents are available in Australia. Further clarity is awaited with an appeal of *Research Affiliates*, another case involving software patents.

Integrated patent examination

The Australian and New Zealand governments have announced a faster, cheaper and more streamlined trans-Tasman process for securing patent rights in Australia and New Zealand.

Under the proposed regime, a patent applicant will make a single application to a trans-Tasman portal. The applicant will nominate Australia and/or New Zealand in the application. The trans-Tasman patent application will create an Australian application, a New Zealand application or a pair of applications that are examined by the same examiner.

Australia and New Zealand will remain members of the Patent Cooperation Treaty – an international patent law treaty which already provides a streamlined approach for filing applications in multiple jurisdictions. As such, the proposed changes merely present another option for applicants that wish to file in Australia and New Zealand.

New Zealand

Madrid Protocol now in force

New Zealand is now accepting Madrid trademark applications. Owners of international

registrations can now extend protection for their marks to New Zealand and New Zealand rights holders can use their registrations as the base for new international registrations. The World Intellectual Property Organisation’s Madrid database shows that more than 3,200 applications or registrations designated New Zealand by the end of August 2013. New regulation amendments included a number of other changes to the trademarks system.

‘Three strikes’ copyright law

New Zealand’s Copyright Tribunal handed down the first penalties in 2013 under the ‘three strikes’ copyright infringement law against online file sharing. Under the law, copyright infringers receive three levels of notice from the rights holder, issued through their internet service provider – detection, warning and enforcement notices, which must be issued in that order. In *RIANZ v Enforcement Number: Telecom NZ 2592* ([2013] NZCOP 1) the tribunal awarded NZ\$524 to the copyright owner. The account holder admitted downloading one of the tracks using uTorrent, but stated that she did not know how the second and third infringements occurred. The decision highlights what some people consider are flaws in the system. First, it is the account holder, not the downloader, that receives the infringement notices and must pay the damages. Also, the legislation creates a presumption of infringement. Every alleged infringement is deemed to have happened unless the account holder can prove otherwise.

What’s Kim Dotcom up to?

Megaupload founder Kim Dotcom continues to wait on the outcome of the US bid to extradite him from New Zealand to face a grand jury on charges of copyright infringement, racketeering and money laundering. Dotcom has fought in the New Zealand Supreme Court for access to the information held by the US government in its case against him. The extradition hearing itself is scheduled for November 2013.

An alternative framework to protect indigenous rights

The *haka* – made world famous by the New Zealand All Blacks rugby team – was at the centre of a recent trademark opposition case

highlighting the inadequacies of the existing IP system in protecting Māori intellectual and cultural property rights. In mid-2012 the Intellectual Property Office of New Zealand (IPONZ) refused to register the mark KA MATE and other marks associated with the traditional Māori *haka*. The applicant was Te Runanga o Toa Rangatira Incorporated, a representative body for Ngati Toa, whose status as guardian of the *Ka Mate haka* has been recognised by the government. One of the Runanga's ambitions is to prevent culturally offensive and unauthorised use of *Ka Mate*, and its applications were intended to assist with this goal. However, the assistant commissioner held that the marks had no distinctive character, because other traders were likely to want to use them. The case reignited discussion about the need for an alternative framework to protect Māori sacred works and knowledge. The Runanga has chosen not to appeal the decision, but is considering taking the matter to the Waitangi Tribunal. Progress on this matter is likely to be slow.

New Patent Act

New Zealand has just finished a complete overhaul of its patent law – a welcome change for an industry that has been operating within the confines of 60-year-old legislation. The new law is intended to create a balanced patent system that will protect inventions and encourage innovation. It will align New Zealand's patent laws more closely with international best practice and build on initiatives to help create a more productive and competitive economy.

The validity of patents issued under the current Patents Act will generally be judged under the existing law. Patent applications made under the current act will continue to be dealt with under that act even after the new act comes into force. In most cases, patent applications filed after the new act comes into force will be dealt with under the new act.

Examination under the new regime is expected to be much tougher. At the moment, examiners reject patent applications that lack novelty. Under the new act, examiners will also be allowed to reject an application if the invention is obvious. Novelty and obviousness

will be assessed against a worldwide standard.

The new law provides several processes for third-party challenges to either applications or in-force patents. These are:

- opposition before grant;
- re-examination before grant;
- assertion before acceptance;
- revocation before the commissioner or court; and
- re-examination after grant.

It will be a case of assessing which option is best in any given situation.

The new law seeks to protect the interests of Māori in their traditional knowledge, and indigenous plants and animals.

A Māori advisory committee will advise the commissioner of patents (on request) whether an invention is derived from Māori traditional knowledge or from indigenous plants or animals. If so, the committee will advise whether commercial exploitation is likely to be contrary to Māori values.

There are exclusions from patentability for inventions where commercial exploitation of the invention is contrary to public order or morality. The bill further excludes:

- human beings and biological processes for their generation;
- methods of medical treatment of human beings;
- methods of diagnosis practiced on human beings;
- plant varieties; and
- computer programs.

There are also some proposed changes to patent application procedures before IPONZ. These include:

- examination by request;
- new procedures for filing divisional applications;
- new procedures for information disclosure requirements; and
- altered timeframes for putting applications in order for acceptance.

Software patents in New Zealand

Although IPONZ will continue to grant patents for inventions that make use of or involve a computer program, there are now some restrictions in place.

IPONZ and the New Zealand courts will apply the *Aerotel* test established by English law when considering patent applications involving computer programs. New Zealand will also adopt subsequent English jurisprudence that applies the *Aerotel* test. UK courts have, for example, allowed patents for:

- a computer programmed to work better (*Symbian*);
- a better way of designing drill bits (*Halliburton*);
- a technique for monitoring the content of electronic communications (*Protecting Kids the World Over*); and
- the organisation of touchscreen devices (*HTC Europe v Apple*).

Computer programs that merely automate a manual process appear to be excluded, although inventions of this type would have been subject to obviousness issues anyway. **iam**

AJ Park

Level 22, State Insurance Tower, 1 Willis Street
Wellington 6011, New Zealand
Tel +64 4 473 8278
Fax +64 4 472 3358
Web www.ajpark.com



Matt Adams
Partner
matt.adams@ajpark.com

Matt Adams is a partner in AJ Park's engineering and information communication technology team. He specialises in protecting, registering and licensing patents in the fields of telecommunications, computing, networking technology, e-commerce and business methods.

Mr Adams advises corporations, start-up ventures and individuals throughout New Zealand, Australia and offshore. He has been involved with a number of high-profile cases, including obtaining international patent protection and licensing for medical imaging equipment and software-based diagnostic systems developed in New Zealand. Mr Adams has helped several large international computer companies to secure significant international patent portfolios and to protect ground-breaking new business intelligence solutions.



Damian Broadley
Partner
damian.broadley@ajpark.com

Damian Broadley is a partner in AJ Park's trademarks team. He specialises in the clearance, protection and strategic management of trademarks and is also a copyright and domain name specialist.

Mr Broadley is particularly experienced in the telecommunications, film, television, music, pharmaceuticals, computer and internet, automobile, transport and finance industries. Many of his clients are multinational Fortune 500 corporations. Mr Broadley has been engaged by US-based corporations to advise on their worldwide trademark protection strategies. He also acts for New Zealand companies, particularly larger companies and exporters.



Anton Gibson
Partner
anton.gibson@ajpark.com

Anton Gibson is a partner in the life sciences patent team at AJ Park. His practice spans strategic, due diligence and transactional IP law issues in a broad range of industries, including pharmaceuticals, biotechnology, food, dairy, packaging and clean technology.

Mr Gibson's clients include start-up, technology and life sciences companies, as well as universities and research institutes. He has helped a number of high-profile clients to prepare and manage their patent portfolios to implement defensive and offensive strategies. Mr Gibson is also experienced in assessing patent infringement and validity issues, and advising on IP due diligence to support investment decisions.