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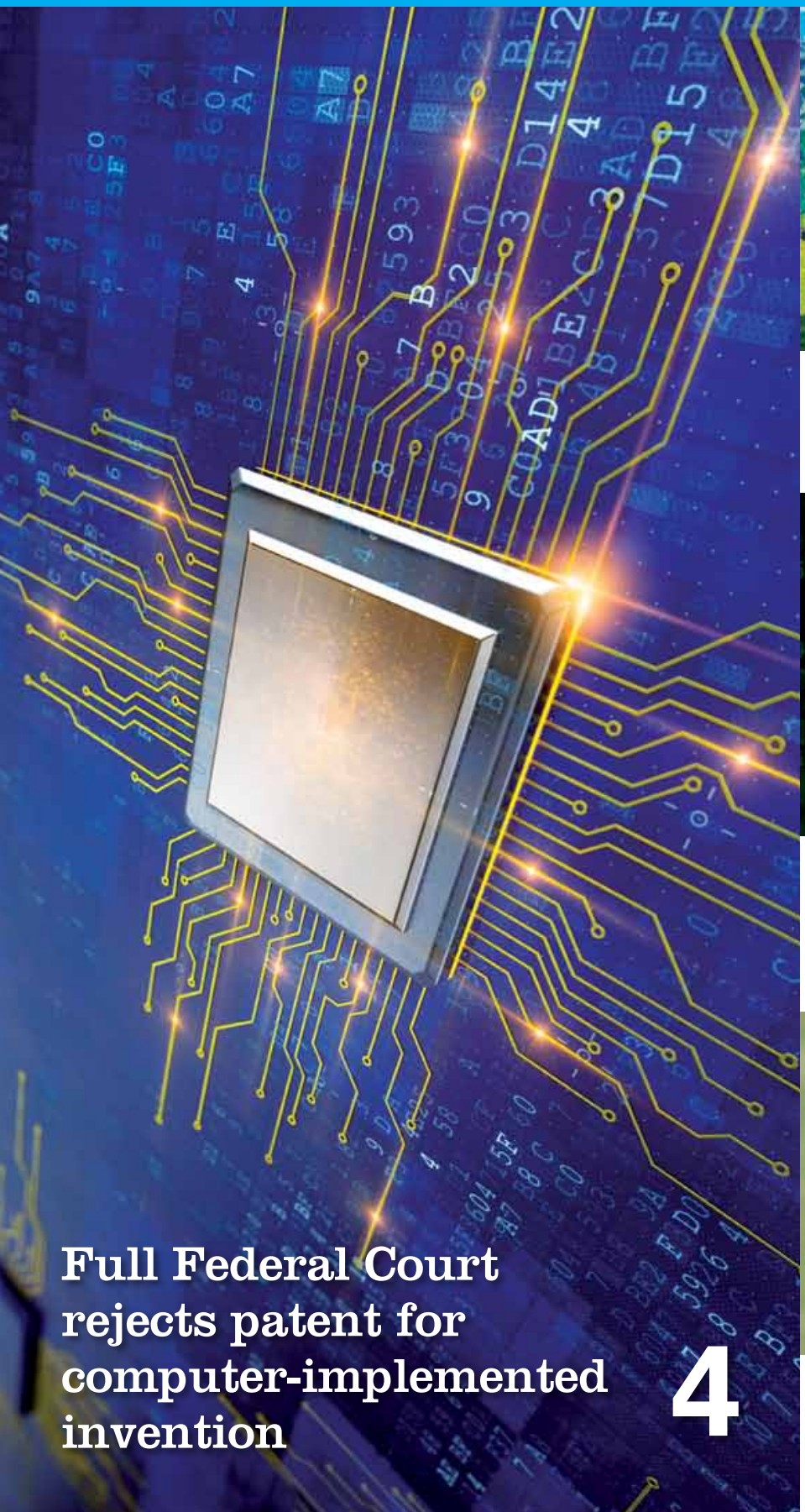

Full Federal Court rejects patent for computer-implemented invention

4

The problems of delay in taking action

2

Is it the end of the road for Telstra's YELLOW trade mark?

8

'POMMIEBASHER': offensive or not?

12

Editorial

Adrian Crooks, Partner

Welcome to the March edition of *Inspire!*

The definition of what constitutes a patentable invention in Australia harks back to the Statute of Monopolies enacted in England in 1624. Despite being nearly 500 years old, the concept of 'manner of manufacture' has been adapted over time as various Courts have recognised the need to apply the test to new areas of technology. The concept now encompasses a breadth of inventions that could not have been envisaged one century ago, let alone five. However there are limits to its scope, and not every development in human endeavour constitutes patentable subject matter.

In this edition of *Inspire!*, Ross McFarlane analyses the recent case of Commissioner of *Patents v RPL Central*, where the Full Federal Court considered whether a scheme implemented on a generic computer using standard software and hardware constituted a manner of manufacture. In finding that it did not, the Court looked beyond the form of the claims which included a number of technical features and asked whether the substance of the invention was technical in nature. Ross also considers some of the practical implications of this decision for patent applicants.

From the leading edge, to life in the slow lane, Margaret Ryan reviews the legal dispute over the use of the trade mark WINNEBAGO on recreational vehicles in Australia. Despite waiting 25 years to commence proceedings, US company Winnebago Industries obtained a measure of success, but perhaps not what they were hoping for. Margaret looks at how delay in seeking to enforce intellectual property rights can impact on the remedies that a Court ultimately grants.

Also in this edition, Mark Williams uncovers some inventions taking science fiction technology off the silver screen and into reality, Michael Squires asks, 'Is POMMIEBASHER offensive?', and we say happy 100th birthday to the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

Legal Services

The problems of delay in taking action

Margaret Ryan, Special Counsel

A series of cases, including *Knott Investments Pty Ltd v Winnebago Industries, Inc [2013]* FCAFC 59 (7 June 2013) have dealt with the tale of a US company and an Australian company that copied its foreign trade marks. In 2010, American company, Winnebago Industries, Inc. (Winnebago US), sued Australian company Knott Investments Pty Ltd and its dealers for passing off and misleading and deceptive conduct. What was unusual about this case was that Winnebago US took 25 years from first finding out about Knott's conduct until it sued. This delay was at the core of Knott's defence and it shaped the remedy that the Court ultimately gave.

Background

Winnebago US commenced business in the 1950s, making recreational vehicles (RVs). By 1978, the WINNEBAGO brand was huge in the US and had expanded to the United Kingdom and Canada. Importantly, it had not sold any RVs in Australia. It did, however, possess a 'spill-over' reputation in Australia, due to advertisements and the movement of people between the US and Australia. Knott Principal, Mr Binns, didn't help his case by conceding that there would have been a proportion of Australians who knew of the American WINNIEBAGO brand.

In the 1960s, Mr Binns visited the US and saw the WINNEBAGO brand. In 1978, he and his wife began selling RVs under the trade mark WINNEBAGO. Four years later they incorporated as Knott, and continued to make and sell WINNEBAGO RVs. By the time of the litigation, Knott had numerous dealerships, sold about $560 million worth of RVs, had won industry awards and employed 215 people.

Initial discovery

Winnebago US first discovered Knott's activities in Australia in 1985. Despite this, they waited until 1991 to send a letter of demand. A Settlement Agreement was signed by the parties which had a critical impact on the subsequent litigation. Under the Settlement Agreement, Knott promised not to use the WINNEBAGO trade marks anywhere except Australia, but Winnebago did not release Knott from liability in Australia. Instead it 'reserved its rights' to take action in Australia in the future.

Basically, Australia was put in the 'too hard' basket. Knott was clearly not prepared to agree to stop using the WINNEBAGO trade marks in Australia, and Winnebago US was not prepared to force the issue. However, when the Full Court came to decide on what the Settlement Agreement meant, it held that the Agreement defeated Knott's defence of delay. The Agreement told Knott that Winnebago US had not given up on Australia. Thus Knott, by continuing to use the WINNEBAGO trade marks, took the risk that someday Winnebago US might sue Knott in Australia. This meant that Winnebago US's extraordinary delay did not operate as a defence for Knott to the claim of passing off and misleading and deceptive conduct.

However, the delay was not irrelevant. The trial judge, finding that Knott and its dealers had passed themselves off as or associated with Winnebago US, granted an injunction stopping them from continued use of the trade marks altogether after a sell-out period. The Full Court considered that this failed to take into account the fact that Knott had built up its own reputation and goodwill over the past 25 years to the knowledge of Winnebago US. Winnebago US, upon entering the Australian market, would take advantage of Knott's goodwill. Justice Jagot considered that this would be 'unreasonable or plainly unjust'.

Litigation continues

The Full Court came up with a solution that probably pleased neither party – Knott and its dealers could still use the WINNEBAGO trade marks in Australia, but they had to apply a disclaimer to all advertisements, sales and other dealings with their RVs, including placing a disclaimer on the RVs themselves, making it clear they were not connected to Winnebago US.

This was not the end of the litigation. In *Winnebago Industries Inc v Knott Investments Pty Ltd (No 4) [2015]* FCA 1327, Winnebago

US tried to recover damages for the passing off that had occurred between 14 October 2004 and the date of the Full Court judgment. 14 October 2004 was six years before the commencement of the court case. This is the maximum period that anyone can claim damages for a passing off or misleading and deceptive conduct case, even if the infringing conduct commenced before then.

On 2 December 2015, Justice Yates decided that Winnebago US was entitled to recover damages from Knott and the dealers on the basis of a reasonable royalty (as if Knott had been licensed). This was despite the fact that Winnebago US admitted that it would not have willingly granted a licence of the WINNEBAGO trade marks to Knott if it had been asked. This is significant because the Full Court of the Federal Court in a previous copyright case held the opposite – that if the plaintiff would not have licensed the defendant, they are not able to obtain damages on the basis of a reasonable royalty. Justice Yates distinguished this decision on the basis that it was a copyright case, not a passing off case. In our respectful view, this is a distinction without a difference. Although copyright is a statutory right, whereas passing off protects unregistered goodwill, both laws protect proprietary rights that can be licensed.

Justice Yates then had to determine what the rate of the royalty would be. Winnebago US argued for 4–5%, and Knott and the dealers argued for nothing or at most 1%. Justice Yates decided upon 1%. One of the reasons his Honour gave was because 'another person' (i.e. Knott), could use the WINNEBAGO trade marks at the same time with a disclaimer (i.e. the licence was only non-exclusive). The curious thing about this was that Knott was the other person.

Knott has recently appealled this decision. It also has another action pending in the Federal Court against Winnebago US alleging misleading and deceptive conduct, presumably on the basis of Winnebago US's entry into Australia.

The danger of delay

Delay can prejudice or even lose you your legal rights. In intellectual property matters, delay can be relevant in three ways.

(a) If your rights are being infringed and you wish to seek urgent relief from a court to stop the infringement (called an interlocutory injunction), delay can result in the court refusing the injunction.

(b) Generally, if you conduct yourself so as to encourage an infringer to believe that you will not exercise your rights, or you knowingly stand by and let the infringer build up a business without acting to stop it, this may prevent you from obtaining any remedy.

(c) As seen in the Winnebago cases, even if delay does not entirely prevent a remedy, it may reduce the strength of the remedy – the defendant may not be prevented from using a trade mark altogether. The fact that the defendant has built up a business and reputation may also mean that damages are reduced.

If you believe that a third party is infringing your intellectual property, it is very important to seek legal advice immediately. Waiting to see whether the rival may cause substantial damage to your business, could mean that you have already lost valuable rights.

Please contact us if you have any questions.

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Full Federal Court rejects patent for computer-implemented invention

Ross McFarlane, Partner

On 11 December 2015, the Full Court of the Federal Court of Australia in *Commissioner of Patents v RPL Central Pty Ltd [2015]* FCAFC 177 has confirmed that a scheme or idea implemented on a generic computer, using standard software and hardware, is unpatentable.

In essentially following and expanding upon the reasoning in its earlier Research Affiliates[1] appeal decision, the Full Court has provided some clarity about the patentability of computer-implemented inventions in Australia.

The Full Court's decision means that:

- Where the claimed invention is to a computerised business method, the invention must lie in that computerisation and not in the business method.
- An invention does not become patentable merely by the extensive use of technical elements in the claims, or by a detailed disclosure of how those technical elements perform the invention in the specification.
- An invention must provide a 'technical contribution, as is the case in the UK.
- A computer acting merely as an 'intermediary', namely configured to carry out the method but adding nothing to the substance of the idea, is not a patentable invention.
- Artificial intelligence software may be patentable.

Background to the decision

RPL Central's invention was a method of gathering evidence for the purpose of assessing an individual's competency relative to a recognised qualification standard. The claims extensively defined the use of a computer, the internet and a remote server in the performance of the method steps. The specification provided significant detail about how these technical elements operated and interacted to implement the invention.

In the first instance – RPL Central decision[2] – Middleton J found that RPL Central's invention was patentable, and noted that the specification and claims in issue provided significant information about how the invention is to be implemented by means of computer, and that a computer was integral to the invention as claimed.

This was contrasted with the Research Affiliates first instance decision[3], rejecting the patentability of a computer implemented method for producing an index of security assets in which the only physical result generated was a computer file containing the index (simply a set of data), and the specification contained virtually no substantive detail about how the claimed method was to be implemented by a computer. In that context, the Full Court considered that the invention involved 'no more than the use of a computer for a purpose for which it is suitable'.

The claims

The Full Court found that RPL Central's main method involved:

- using a computer to retrieve the criteria using the internet via conventional web-browser software,
- the computer processing the criteria to generate corresponding questions relating to the competency of the individual to satisfy the elements of competency and performance criteria associated with the recognised qualification standard,
- those questions being presented,
- the individual answering the questions and, if he or she chooses to do so, uploading documentation from his or her computer.[4]

The Full Court found that, other than the integers providing that the computer processes the criteria to generate corresponding questions and presents those questions to the user, the method did not include any steps that are outside the normal use of a computer. Since the creation of the plurality of assessable criteria themselves were publicly know, and neither the presentation of the questions nor the processing of the user's responses involved ingenuity themselves, the Full Court found that the claimed invention was an unpatentable scheme or a business method.

Considerations to take into account

The Full Court found that determining patentable subject matter is not a question of stating precise guidelines but rather of deciding, in each case, whether the claimed invention, as a matter of substance not form, is properly the subject of a patent.[5] However, the Full Court reiterated some of the considerations discussed in Research Affiliates[6] for assessing patentable subject matter:

- It is necessary to ascertain whether the contribution to the claimed invention is 'technical' in nature.
- One consideration is whether the invention solves a 'technical' problem within the computer or outside the computer, or whether it results in an improvement in the functioning of the computer, irrespective of the data being processed.
- Does the claimed method merely require generic computer implementation?
- Is the computer merely the intermediary, configured to carry out the method using a computer readable medium containing program code for performing the method, but adding nothing to the substance of the idea?[7]

'Technical contribution'

The Full Court looked to the UK Aerotel decision[8] in determining that a claimed invention must make a 'technical contribution'. In that case, the subject matter was an interactive system whereby questions were asked, the answers incorporated in a draft and, depending on some particular answers, further questions were asked. It was held that, apart from the fact of running a computer program, there was nothing technical about the contribution and the method was for the business of advising upon and creating appropriate company documents.

In light of that decision, the UK Patent Office has adopted the following four-part test for patentable subject matter:

(1) properly construe the claim
(2) identify the actual contribution
(3) ask whether it falls solely within the excluded subject matter
(4) check whether the actual or alleged contribution is actually technical in nature.

Ingenuity must be in the way in which the computer is utilised

The Full Court held that the fact that a method could not be carried out without the use of a computer cannot alone render the claimed invention patentable if it involves simply the speed of processing and the creation of information for which computers are routinely used. In those circumstances, the claimed invention is still to the business method itself. A computer-implemented business method can be patentable where the invention lies in the way in which the method is carried out in the computer. This necessitates some ingenuity in the way in which the computer is utilised.[9]

Implementation of an idea, and not just the idea itself, must form part of the invention.

The Full Court found that where the claimed invention is to a computerised business method, the invention must lie in that computerisation. It is not a patentable invention simply to 'put' a business method 'into' a computer to implement the business method using the computer for its well- known and understood functions.[10]

Artificial intelligence software may be patentable

The key aspect relied upon by RPL Central was the conversion of personalised information into questions, including asking for relevant attachments. The Full Court found that the computer was, in effect, operating as an intermediary in the user's quest for an evaluation of his or her competency for a particular course and entitlement to obtain a qualification without participating in that course. However, the computer did not evaluate the user's input to provide the answer.

Significantly, the Full Court found that the computer did not function in the nature of an adviser or an artificial intelligence. Rather, the programming allowed for a series of prepared words to be prepended to the user information, to turn the statement into a question.[11] This leaves the door open to patent protection being available for machine learning and other artificial intelligence software provided there is some ingenuity in the operation of that software.

RPL Central has applied for Special Leave to appeal the Full Court's decision to the High Court of Australia.

Australian Patent Office examination practice

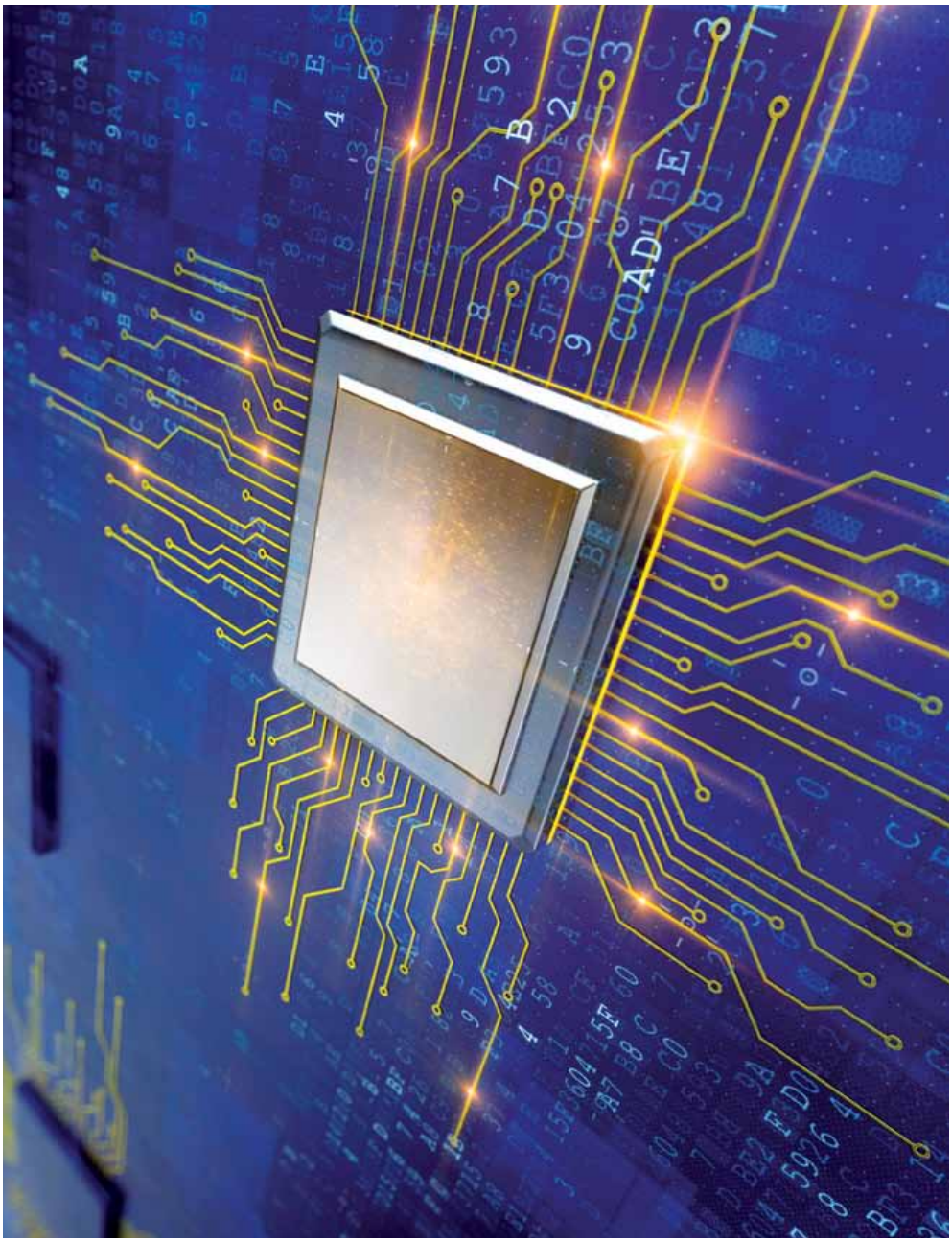
The Australian Patent Office has recently updated their Patent Manual of Practice and Procedure to provide guidance as to how they will determine whether a computer implemented invention is in substance a manner of manufacture following the RPL Central decision. The Manual includes a list of guidelines or signposts to assist you in determining whether a computer-implemented invention is now patentable. These include:

- whether the contribution of the claimed invention is technical in nature,
- whether the invention solves a technical problem,
- whether the invention results in an improvement in the functioning of the computer, irrespective of the data being processed,
- whether the claimed method merely requires generic computer implementation,
- whether the computer is merely an intermediary or tool for performing the method while adding nothing of substance to the idea,
- whether the ingenuity in the invention is in a physical phenomenon in which an artificial effect can be observed rather than in the scheme itself,
- whether the alleged invention lies in the way the method or scheme is carried out in a computer, and
- whether the alleged invention lies in more than the generation, presentation or arrangement of intellectual information.

Recommendation

In light of this decision, we recommend that patent applicants review the patent prosecution strategy for their computer-implemented inventions in Australia in view of the Australian Patent Office guidelines, and particularly where a patent examination report has issued with a patentable subject matter objection.

If you have any questions about how the outcome of this case affects your current or future patent applications, please contact Ross McFarlane at ross.mcfarlane@pof.com.au, Raffaele Calabrese at raffaele.calabrese@pof.com.au or Mark Williams at mark.williams@pof.com.au



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1 *Research Affiliates LLC v Commissioner of Patents [2014]* FCAFC 150.
2 *RPL Central Pty Ltd v Commissioner of Patents [2013]* FCA 871.
3 *Research Affiliates LLC v Commissioner of Patents [2013]* FCA 71.
4 *Commissioner of Patents v RPL Central Pty Ltd [2015]* FCAFC 177, para 37.
5 Ibid, para 98.
6 *Research Affiliates LLC v Commissioner of Patents [2014]* FCAFC 150.
7 *Commissioner of Patents v RPL Central Pty Ltd [2015]* FCAFC 177, para 99.
8 *Aerotel Ltd v Telco Holdings Ltd; Macrossan's Application [2006]* EWCA Civ 1371; [2007] 1 All ER 225.
9 *Commissioner of Patents v RPL Central Pty Ltd [2015]* FCAFC 177, para 104.
10 Ibid, para 96.
11 Ibid, para 109.

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Keeping patent oppositions moving

Karen Spark, Deputy Managing Partner

The Patent Office remains committed to ensuring that patent opposition proceedings are handled in a manner that resolves opposition disputes quickly and inexpensively, whilst still ensuring the public interests are being met. To this end, the Patent Office is carefully considering requests for extensions of time to file opposition evidence so as to avoid unnecessary delays. Extension requests will be refused where the proper grounds are not made out.

The *Intellectual Property Legislation Amendment (Raising the Bar) Regulation 2013 (No 1)* (the Amendment Regulation) commenced on 15 April 2013, and significantly amended the basis upon which extensions of time for serving evidence in patent opposition proceedings could be obtained. Extension of time requests for serving evidence are governed by regulation 5.9. Sub-regulation 5.9(2) states:

> The Commissioner may extend the period only if the Commissioner is satisfied that:
>
> (a) the party who intended to file evidence in the period:
>
> (i) has made all reasonable efforts to comply with all relevant filing requirements under this Chapter; and
>
> (ii) despite acting promptly and diligently at all times to ensure the appropriate evidence is filed within the period, is unable to do so, or
>
> (b) there are exceptional circumstances that warrant the extension.

Exceptional circumstances are defined as including:

> (a) a circumstance beyond the control of a party that prevents the party from complying with a filing requirement;
>
> (b) an error or omission by the Commissioner that prevents a party from complying with a filing requirement;
>
> (c) an order of a court, or a direction by the Commissioner, that the opposition be stayed pending the completion of a related proceeding or action under the Act.

In *TRED Design Pty Ltd v Julie-Anne McCarthy and Bradley McCarthy [2013]* APO 57, the Delegate stated that these specified exceptional circumstances 'give some guide to the other situations that would be regarded as exceptional circumstances: matters outside the normal evidentiary process, and outside the control of the party, where it would be unreasonable to insist on a party filing their evidence.'[1] It is interesting to note that the Delegate reiterated that 'loss of an expert is not an exceptional circumstance.'[2]

In *Merial Limited v Novartis AG [2013]* APO 65 (5 December 2013), the Deputy Commissioner noted that the requirement under 5.9(2)(a)(i) was intended to 'import a consideration of the reasonableness of the relevant party's conduct over the totality of the opposition proceedings rather than its compliance with the particular evidentiary period in question'. More recently, in *Merial Limited v Norbrook Laboratories Limited [2015]* APO 56 (24 August 2015), the Delegate confirmed this approach and further commented that the issue of whether actions were 'prompt and diligent also include matters of reasonableness.'[3] Significantly, 'the question of whether a party has been prompt and diligent at all times is assessed by looking at the behaviour of the party as a whole.'[4] To this end, consideration will be given to matters such as when experts were identified and engaged, and when evidence preparation commenced. Where a two part strategy for obtaining expert evidence is used, for example a first stage to obtain evidence of common general knowledge and a second stage to obtain evidence on inventiveness, such a strategy must be carried out in a prompt and diligent manner.

The Delegate also made it clear that when considering whether a party has acted promptly and diligently, the volume of evidence to be considered by the party is 'clearly a relevant consideration'.[5] Further, where an amendment to the Statement of Grounds of Particulars has been made, then it would cause inconvenience to the applicant and potential delay. These are relevant considerations to the question of the reasonableness of the activities of the applicant in preparing evidence.

Where a party seeks to rely on *exceptional circumstances* as the basis for an extension request, it should be noted that the Delegate has clearly stated that large volumes of evidence in support, an unusually high number of experts giving evidence in support and an unusually large volume of prior art included in the evidence in support are **not** *exceptional circumstances*. To the contrary, these matters directly relate to the evidentiary process and 'this represents the context against which the preparation of evidence is understood'.[7]

In summary, applicants and opponents must be mindful to act promptly and diligently during every step of an opposition proceeding. If an extension of time is required, the Delegate of the Commissioner will consider all of the actions of the requesting party. An extension will only be granted where the requestor has acted promptly and diligently throughout the proceedings and all reasonable efforts have been made to meet the relevant deadline. If the requestor seeks to rely on *exceptional circumstances* as the basis for an extension request, then the requestor must ensure that such circumstances fall outside the normal evidentiary process and outside of their control.

References

1 *TRED Design Pty Ltd v Julie-Anne McCarthy and Bradley McCarthy [2013]* APO 57, 64.

2 Ibid, 64.

3 *Merial Limited v Norbrook Laboratories Limited [2015] APO 56* (24 August 2015),10.

4 Ibid, 24.

5 Ibid, 23.

6 Ibid, 28.

7 Ibid, 28.

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Patents

SourceIP: where business meets ideas

Greg Bartlett, Partner

The Australian Government has launched a digital intellectual property marketplace designed to provide Australian businesses with easy access to public sector research. SourceIP has been developed by IP Australia, and provides a means for public sector patent owners to signal their willingness to license, sometimes at no cost, innovations in their key areas of technology.

IP Australia explains that:

> 'SourceIP is particularly focused on making it easier for Australian businesses, including small businesses, to access innovation and technology generated by the publicly funded research sector in Australia. The platform has been specifically created to help expose potential collaboration opportunities to businesses seeking to work with public sector research partners and to facilitate quick and easy contact.'[1]

Australia's forty university commercialisation and technology transfer offices host content on SourceIP, including the Group of Eight (The University of Western Australia, Monash University, Australian National University, The University of Adelaide, The University of Melbourne, UNSW, The University of Queensland and the University of Sydney), Bond University, LaTrobe University, Macquarie University, Curtin University, RMIT University, Deakin University, UniSA, Flinders University and others.

Also hosting content are leading Commonwealth research organisations, including the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Defence Science and Technology Group (DSTG), and the Australian Nuclear Science and Technology Organisation (ANSTO). Additional organisations include medical research institutes, such as the Centenary Institute of Cancer Medicine and Cell Biology, the Children's Medical Research Institute, the Garvan Institute of Medical Research, Neuroscience Research Australia, and the Walter and Eliza Hall Institute.

The SourceIP platform allows businesses to easily search by technology field and organisation, and provides a listing of all relevant patent families for those organisations, with full bibliographic detail and links to patent specifications. The organisation has an opportunity to mark patent families that are available for license. To date, the SourceIP platform shows 182 live patent families available to license. CSIRO, UNSW, DSTG, Monash University, Macquarie University, University of Newcastle, The University of Sydney, and Griffith University account for 70% of those available patent families.

If you would like assistance in locating and assessing intellectual property on SourceIP

in technology areas that may be relevant to your business, please contact your POF patent attorney or contact us at attorney@pof.com.au

References

1 IP Australia. (2014). *About Source IP.* Available from: https://sourceip.ipaustralia.gov.au

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Patents

Happy 100th birthday to POF client, CSIRO

Karen Spark, Deputy Managing Partner

POF client, CSIRO, recently celebrated 100 years of innovation.

The Commonwealth Scientific and Industrial Research Organisation (CSIRO) is the Australian Federal Government agency for scientific research with its headquarters in Canberra and numerous sites around the nation. CSIRO began in 1916 as the Advisory Council of Science and Industry, was renamed as the Institute of Science and Industry in 1920, and in 1926 became the Council for Scientific and Industrial Research (CSIR). In 1949, CSIR ceased all defence work for the military and was renamed CSIRO.

CSIRO aims to grow Australia's productivity through scientific research and advancements that provide a positive impact for Australia and the Australian population.

Some of CSIRO's most notable developments include their wireless invention that provides the technology allowing connection at 'WiFi Hotspots', the first commercially successful polymer banknote, extended wear contact lenses, the insect repellent branded as Aerogard®, RAFT polymerisation, self-twisting yarn, and the introduction of a series of biological controls into Australia, such as the introduction of myxomatosis and rabbit calcivirus for the control of rabbit populations.

One of the most popular recent developments by CSIRO is their Total Wellbeing Diet which provides a science-based, practical and healthy eating guide. Developed within CSIRO's Clinical Research Unit in Adelaide, South Australia, the Total Wellbeing Diet provides an eating program with high protein and low-fat. The diet is nutritious, facilitates sustainable weight loss and is supported by scientific evidence.

POF has been working with CSIRO for over 40 years, and we are proud to be associated with such an innovative organisation.

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Goodbye yellow: the end of the road for Telstra's YELLOW trade mark?

Anita Brown, Associate

Who could forget the classic Australian 'Goggomobil', the HELLO YELLOW jingle or the 'Let your fingers do the walking' tagline? These advertising gems and cues, launched by leading telecommunications company, Telstra, bring to mind their 'Yellow Pages' directory. But when used in relation to print or online directories, does the word YELLOW alone give rise to such an association? Or in trade mark parlance, is the word YELLOW inherently adapted to distinguish print or online directories?

Background

Telstra Corporation Limited's wholly owned subsidiary, Sensis Pty Ltd, filed a trade mark application for the word mark YELLOW in 2003 for various goods and services, including print and online directories. It already owned the trade mark YELLOW PAGES, the well-known Australian services directory. During 2006, the company ran a series of advertising campaigns designed to promote the YELLOW trade mark as the main brand for its directories. However, it later shelved this approach due to low levels of consumer recognition. This did not diminish Telstra's determination to pursue the trade mark application, which had initially been successfully opposed.

Late last year, in *Telstra Corporation Limited v Phone Directories Australia Pty Ltd* [2015] FCAFC 156 the Full Federal Court of Australia affirmed the primary judge's decision to reject the application on the basis that the trade mark was not inherently adapted to distinguish print and online directories.

Two different appeals were consolidated in this case:

1. Telstra's appeal against the Federal Court decision to refuse registration of the word YELLOW which had been opposed by Yellowbook.com.au Pty Ltd and Phone Directories Company Australia Pty Ltd; and
2. The appeal by Yellowbook.com.au Pty Ltd against the Federal Court's decision to refuse registration of YELLOWBOOK and www.yellowbook.com.au due to the marks being deceptively similar to the trade mark YELLOW PAGES. This was ultimately unsuccessful.

This article will deal with the first appeal which required the court to determine:

1. Was the word mark YELLOW inherently adapted to distinguish?
2. Was the word mark YELLOW substantially identical with or deceptively similar to three other prior trade marks?

Is the word mark YELLOW inherently adapted to distinguish?

Section 41 of the *Trade Marks Act 1995* (Cth) provides that an application for registration of a trade mark must be rejected if the trade mark is not capable of distinguishing the applicant's goods or services in respect of which the trade mark is sought to be registered from the goods and services of other persons.

At first instance, the primary judge found that the YELLOW trade mark was not inherently adapted to distinguish. Applying the well-established tests for determining the question, the primary judge found the word YELLOW was descriptive. He said it was not a made up or fanciful word nor was it an arbitrary term, as evidence showed that yellow was the colour commonly used in Australia for print and online directories. Further, he was satisfied that other traders both in Australia and overseas used the word and colour yellow in respect of their print and online directories.

Ultimately, as summarised by the Full Court, the primary judge found that:

> ' … other traders were likely, without improper motive, to want to use the word yellow to signify their goods in a way that will infringe the YELLOW trade mark because the word yellow is descriptive of the colour widely used in respect of directories and because it is likely that consumers recognise directories by reference to that colour.'

On appeal, Telstra submitted that:

> 'Even if the primary judge found, and was correct to find, that the YELLOW mark signified print and online directories, he erred in finding the mark was descriptive of the goods.'

Telstra gave examples of words that were descriptive of directories. It argued that the YELLOW trade mark was not such a word and that the directories were not yellow or inherently yellow like, for example, bananas.

In relation to that submission, the Full Court found it was correct for the primary judge to find that if the YELLOW mark signified print and online directories to consumers of these products, then the mark would be merely descriptive and not inherently adapted to distinguish in the same that the examples of descriptive words for other directories that Telstra had given were also merely descriptive.

The Full Court referred to the principle that evidence of use of a word in a particular trade is relevant to the question of whether a mark is inherently adapted to distinguish. It considered that if the evidence established use of the colour yellow, with or without the word yellow, resulted in consumers and traders understanding the word yellow to signify print and online directories, then it could not be considered distinctive.

Telstra's other main submission on appeal was that:

> 'The primary judge had erred in proceeding on the basis that the YELLOW mark signified print and online directories in the absence of making a finding to that effect, or if he did make such a finding, it was erroneous having regard to the evidence.'

Telstra argued that if the YELLOW mark did not signify print and online directories then it was not wholly descriptive and was inherently adapted to distinguish, at least to some extent. It argued that there might be considerable use of the colour yellow in connection with print and online directories but that the primary judge did not analyse whether the colour was used to signify the directories as such, as distinct from decorative or eye-catching purposes.

In relation to this issue, the Full Court applied the approach adopted by the High Court of Australia in *Cantarella Bros Pty Ltd v Modena Trading Pty Ltd [2014] HCA 45*. This involves a two stage inquiry:

1. What is the ordinary signification of the word mark?
2. Is it the case that other traders might legitimately need to use it in respect of their goods?

In assessing the ordinary signification of the word, the Court said:

> 'The word yellow describes a colour and, even without evidence, it would be appropriate to infer that at least some other traders might wish to use that colour. Furthermore, there was at the very least evidence in this case of not infrequent use of the colour yellow in connection with print and online directories.'

The Court affirmed the primary judge's decision that the word yellow signifies the colour yellow and that the word yellow describes the colour that is commonly used for print and online directories. Accordingly, it found that the mark was descriptive and not inherently adapted to distinguish print and online directories.

It is worth noting that if the mark had been considered to have some inherent capacity to distinguish, rather than none at all, the Court would have found Telstra's use and promotion of the mark sufficient to justify its acceptance.

Deceptively similar trade marks

The Full Court overturned the primary judge's decision that the trade mark YELLOW was deceptively similar to the prior marks THE YELLOW ENVELOPE, YELLOW DUCK and YELLOW ZONE which were registered in relation to similar goods and services.

Among the primary judge's reasons for finding the marks were deceptively similar was Telstra's past commercial practice and representations Telstra had made before the Registrar of Trade Marks. However, the Full Court said Telstra's history with regard to its YELLOW PAGES mark was not a relevant consideration. It upheld the original decision of the Registrar's delegate that the marks were not deceptively similar due to the clear phonetic, visual and conceptual differences between the prior marks and the word YELLOW.

Onus of proof

The Full Court also considered whether the onus on an opponent to registration of a trade mark is on the balance of probabilities or an onus to establish that the trade mark should clearly not be registered. The Full Court confirmed that the standard of proof is on the balance of probabilities.

The Full Court's decision was handed down in early November last year, however Telstra's trade mark application remains alive. At the time of writing, it was unclear whether Telstra had sought special leave to appeal to the High Court.

Anita Brown *BA LLB MIPLaw* has a Master of Intellectual Property Law and specialises in trade mark searching, prosecution, registration and enforcement. She also advises on trade mark assignments and licensing. Before joining POF, Anita worked as a journalist and then as a lawyer at a firm specialising in advertising and marketing law.
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Dr Edwin Patterson, awarded Client Choice Award for Australia for excellence in patent protection

POF Partner, Edwin Patterson, is the exclusive winner of the Intellectual Property Patents category for Australia in the International Law Office (ILO) 2016 Client Choice Awards. ILO completed extensive research with senior corporate counsel with winners selected from a pool of more than 2,000 people.

The Client Choice awards recognise Partners who stand out for their excellent client service and add real value to clients' business, beyond market expectations. The extensive research process has been specially designed to assist clients in nominating the best lawyers and attorneys for client service, worldwide.

Edwin joined POF in 2005 and is now a Partner of the firm. Edwin assists clients in a wide range of technologies ranging from mechanical devices through to complex mining, metallurgical, chemical and clean technology processes.

We congratulate Ed on this significant achievement!

Edwin can be contacted on +61 3 9622 2276 or edwin.patterson@pof.com.au

POF welcomes a new Associate and two trainee patent attorneys

Phillips Ormonde Fitzpatrick is pleased to announce three new professionals – welcome to the team Carla, Matthew and James.

Carla Cher, Associate

Carla recently joined our Melbourne office as an associate in the Electronics, Physics and IT team.

Carla is an engineer with over 10 years' experience in IP. Her technical expertise and interests include microfluidics, microelectrical mechanical systems (MEMS), nanotechnology, renewable energy technologies and medical devices.

Carla says, 'Having worked in intellectual property for over 10 years, I am excited to join such a client-focused and commercially minded firm.'

In 2013, Carla was the youngest member elected to the Board of Engineers Australia. She is a very active member of Engineers Australia and presently sits on the Victorian division committee.

In addition to IP, Carla is passionate about all things dance. With almost 20 years of training she continues to enjoy classical ballet dancing. Carla also enjoys bushwalking and travelling.

Pictured (L–R): Carla Cher, Matthew Overett, PhD and James Burnley, PhD

Matthew Overett, PhD Trainee Patent Attorney

Matthew recently joined our Melbourne office as a trainee patent attorney in the Chemistry and Life Sciences team.

Prior to joining POF, Matthew acquired more than a decade of R&D experience in the chemicals industry, covering homogeneous and heterogeneous catalysis, polymer science and rheology, organic and organometallic synthesis, process scale-up and piloting, commercialisation and process support.

Matthew completed his undergraduate studies and PhD at the University of Cape Town in South Africa. His PhD research involved the synthesis of new homogeneous catalyst systems for the oligomerisation of ethylene.

Matthew says, 'Having worked in industrial R&D, I have seen the value that a focused portfolio of patents adds when commercialising new technologies. I am thus delighted to be working at POF, helping clients to protect the IP arising from their endeavours.'

In his spare time, Matthew enjoys travelling, cooking and racket sports, as well as being in the great outdoors, preferably trekking in the mountains.

James Burnley, PhD Trainee Patent Attorney

James recently joined our Melbourne office as a trainee patent attorney in the Chemistry and Life Sciences team.

Prior to joining POF, James completed over ten years of research experience working in both industrial and academic settings. His diverse postdoctoral work at Monash University included total synthesis of the tricyclic marine alkaloids (-)-lepadiformine and (-)-fasicularin, and the design and synthesis of novel cyclic-alkynyl-peptide analogues which have potential for use as non-opioid analgesics.

While completing his MSci, he undertook projects at both AstraZeneca and Pfizer working on antileukemic compounds of interest and flow technology respectively.

James says, 'It is very exciting to be involved in an industry that is vital to the commercialisation and development of novel ideas, and to be working at a company that is held in such high esteem like POF.'

James' interests include playing soccer, guitar and watching cricket. Since moving to Australia he has been trying to understand AFL rules in order to support his adoptive team, the Hawks.

POF partners with AusMedtech 2016

This year, Adelaide will host Australia's annual premier conference for medical technology, AusMedtech 2016. The conference is hosted by AusMedtech, a part of AusBiotech, and is the national industry group that represents the medical devices and diagnostics industry sector.

This year's program will focus on key issues affecting the industry, including digital technology/patient engagement, translating ideas to commercial outcomes, taking manufacturing capabilities to the medical technology industry and capital availability.

POF recognises the importance of the medical technology industry to Australia, and as such we are partnering with AusMedtech to host a pre-conference networking event at our Adelaide office. The event will be held on Monday 9 May, where attendees will have the opportunity to mingle in a relaxed setting tasting wines from local wine producer, and POF client, Two Hands Wines.

POF has a medical technology focus group dedicated to assisting our clients in this sector. Our award-winning group brings together professionals from a variety of technical backgrounds to provide IP services across all aspects of medical technology.

Star Wars: science fiction or science fact?

Mark Williams, Senior Associate

Science fiction fans all over the planet hyperventilated with glee as *The Force Awakens*, the new instalment in the Star Wars saga, hit cinema screens in December 2015. The film introduced some new characters (thankfully none as bad as Jar Jar Binks in 1999's *The Phantom Menace*) – one of which was a new robot droid, the BB-8. The BB-8 droid has a unique movement which is the subject of a granted US patent (discussed below). But it is not the only piece of Star Wars technology which has applications in real life.

The BB-8

The movement of the BB-8 droid in *The Force Awakens* is the subject of US Patent 8269447 entitled 'Magnetic spherical balancing robot drive' which was first filed in 2010. It is owned by Disney Enterprises, Inc. (Figure 1). The BB-8 operates by way of a holonomic drive system. It includes a spherical body 111 and holonomic drive 120 having wheels 110 together with a magnet assembly on the drive 120 to urge wheels 110 against the surface of the sphere. The movement of the sphere is thus controlled in response to the rotation of the wheels 110.

Princess Leia and Tupac Holograms

A very famous scene in *Star Wars: A New Hope* (1977) features another droid, R2-D2, who plays back a holographic recording of Princess Leia pleading 'Help me, Obi-Wan Kenobi. You're my only hope'. Cut to 35 years later and we see the first 'holographic' music performance by the late rapper, Tupac Shakur. Some would argue that the Tupac hologram was not a true hologram, but rather a two-dimensional projection based on an old theatre illusion known as 'Pepper's Ghost'. The technology, developed by Musion Das Hologram Ltd was patented in the United States in 2013 as US 8,462,192.

The Death Star

The Death Star, which features in numerous Star Wars films, is a weapon capable of destroying a planet via a focused 'superlaser'. You may be horrified to know that Lockheed Martin have developed and patented a direct energy weapon which combines multiple laser beams into one high-power output beam. Helpfully, Lockheed Martin have extensively described how the invention works in their patent specification and it is easily downloadable from the US Patent Office – obviating the need for a band of rebels from the Rebel Alliance to steal the plans for the Death Star. In addition, unauthorised use of said Death Star in the United States by the Galactic Empire may well be a patent infringement.

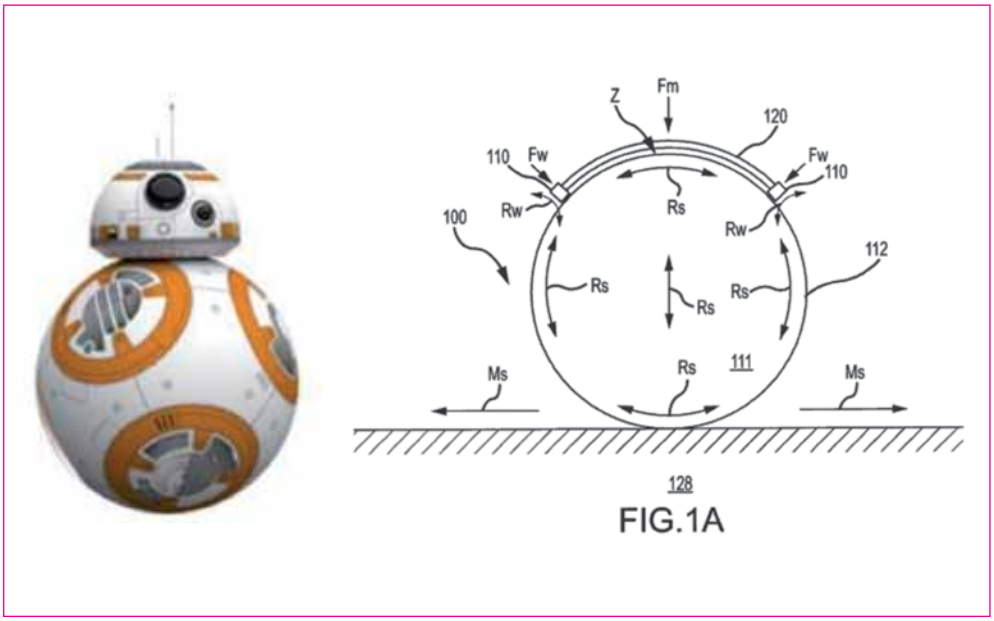

Figure 1 The BB-8 (left), and (right) the 'BB-8', as described in US8269447.

Force Field

Not to be outdone by Lockheed Martin, Boeing have developed a force field (or as it is known in Star Wars, a deflector shield) entitled a 'Method and system for shockwave attenuation via electromagnetic arc'. Sadly, like Star Wars deflector shields, this technology only applies to assets like vehicles and does not protect individuals from shockwaves – so Greedo's fate was sealed when he was shot with Han Solo's blaster (of course Han shot first).

These are not the Droids® you are looking for

In addition to the mechanism of the BB-8 droid being patented, the word DROID was itself coined by the creator of Star Wars, George Lucas, and is a registered trademark in a number of countries. A little over three years ago, Lucasfilm Entertainment successfully opposed registration of a similar Australian trademark (BIODROID) relying on Section 60 (well-known/famous trademarks).

The Hearing Officer in that case accepted Lucasfilm's evidence that they created the mark 'droid' and developed numerous 'droid characters' since 1977, and that they had an extensive reputation in Australia such that DROID was well known. Lucasfilm's evidence in the case, helpfully clarified the purpose and type of each 'droid':

> 'The nature or purpose of each type of DROID is often conveyed by the script of additional word elements such as 'astromech droids' (such as the R2-D2 character), 'protocol droids' (such as the C-3PO character), and 'battle droids', to name just a few.'

Thus, the innovative patented technology used throughout the Star Wars series demonstrates that the beloved sci-fi saga does surprisingly hold some degree of science fact.

Mark Williams *BCSE(Hons) MIP FIPTA* is a Patent and Trade Marks Attorney with over 13 years' experience in drafting and prosecuting patent applications. He specialises in the fields of electronic devices, electronic gaming machines, online transactions and payment systems, anti-virus software, business methods and mobile 3GPP/LTE standards.
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‘POMMIEBASHER’: offensive or not?

Michael Squires, Partner

Australia and England’s sporting rivalries are legendary. Several Australian sporting identities are renowned for taking any opportunity to make an (affectionate?) remark that might unsettle one’s Imperial opponent. The word ‘POM’ or ‘POMMIE’ is a colloquial Australian word to refer to an English person, while ‘POMMIEBASHER’ refers to someone who is not of English background, but one who takes great delight in insulting Englishmen, usually in a sporting context.

In December 2015, the Administrative Appeals Tribunal (AAT) found the controversial word POMMIEBASHER to be undesirable as a business name because it was considered to be offensive. In contrast, in 2011 the Australian Trade Marks Office ruled that the word is registrable as a trade mark and is not scandalous. It has been a tough battle for the applicant, Mr Peter Hanlon, who sought to register POMMIEBASHER as a business name, and no-one could accuse him of lacking determination. The case was ongoing for two years before IP Australia, then another two years with the Australian Securities & Investments Commission (ASIC) and the AAT, the latter’s decision being handed down just before Christmas 2015.

Trade Marks application

In October 2008, Hanlon filed a trademark application for the mark POMMIEBASHER in relation to clothing and beers and other beverages. His application was rejected by the examiner twice on the grounds that it fell foul of Section 42 (a), that ‘the trade mark must be rejected if (it) contains or consists of scandalous matter’. He then sought a decision on the written record before Hearing Officer, Mr Terry Williams.

In his decision, Mr Williams considered earlier cases on the matter where marks such as LOOK GOOD + EAT GOOD = ROOT GOOD and FCUK were under scrutiny. He said, ‘If some notable person were to be described, by themselves or anyone else, as “a pommie-basher”, I am quite sure that both the ABC and the BBC would be able to report this piece of trivia in the evening news with perfect equanimity. The word is, in fact, in regular use in the media.’ He went on to say that, ‘Even if the clothing is intended for infants, lawn-bowlers or members of the church choir, I fail to see how the trade mark approaches even the lesser standard of bad taste, let alone “scandalous”. It cannot, as far as I can see, cause significant offence to anyone.’

Business Name registrations

With success at the Trade Marks Office, Hanlon sought to register POMMIEBASHER as a business name, which is essential if he were to operate an Australian business under that name. His attempts to register the business name were no less challenging. ASIC initially refused to register the name, arguing that it was undesirable because they believed it to be offensive. Hanlon then asked the Minister’s delegate to make the name available even though it was thought to be undesirable. The delegate refused consent, and Hanlon applied direct to the Minister to review the decision. The Minister affirmed his delegate’s decision. Hanlon also separately applied to ASIC for an internal review of their original decision, which they refused to overturn. He then applied to the AAT for review of ASIC’s internal review decision, and the decision of the Minister. At this point, it was four to nil against him.

Difference between Trade Marks and Business Names

AAT Senior Member, Mr Egon Fice, differentiated between the scheme for trademarks and that for business names. Under the Business Names legislation, names which are undesirable, for example, because they are offensive, must not be registered. Mr Fice stressed that the context of use of business names was different to that of a trade mark. Even though POMMIEBASHER had been registered for various goods, ‘The same cannot be said of a registered business name. That has a much wider audience application and particularly exposure to persons who are not necessarily followers of cricket or rugby, or who do not understand the way in which the colloquial expression is frequently used.’

Mr Fice said a business name must also not be likely to be offensive to any section of the public. He was presented with evidence of an

Advertising Standards Board decision that said use of the word ‘Pom’, together with negative words, implied a derogatory and almost hostile meaning. Further evidence, extracted from a previous case involving discrimination, also outlined the offensive perception. The evidence, pulled from media releases, was sourced from a group of 26 English migrants living in Western Australia and Victoria who describe themselves as the British People Against Racial Discrimination. This group, which was formed in 2002 after a discussion at a backyard barbeque, considers the expression ‘Pom’ as insulting and discriminatory. Mr Fice concluded that, devoid of the cricket or sporting context, the word ‘POMMIEBASHER’ is likely to be offensive to members of a section of the public.

Despite Mr Hanlon’s best efforts, the great irony of the whole affair is that the true meaning of the word, and consequentially, the people who should actually be offended, seems to have been ignored. Being labelled a ‘Pommiebasher’ is not particularly complimentary. The archetypal representatives of ‘Pommiebashing’ would be certain legendary figures of the Australian cricket team. One wonders what the likes of Merv Hughes, Shane Warne, Ian Chappell and Rod Marsh would make of this?

Michael Squires *BSc LLB FIPTA* is a Patent and Trade Marks Attorney who has over 20 years’ experience advising on IP matters including strategy, enforcement, portfolio management and commercialisation. Michael’s practice now predominantly on trade mark matters but he also has experience in medical devices, building and construction, and consumer products. He is a regular contributor to Katzarov’s Manual of Industrial Property.
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