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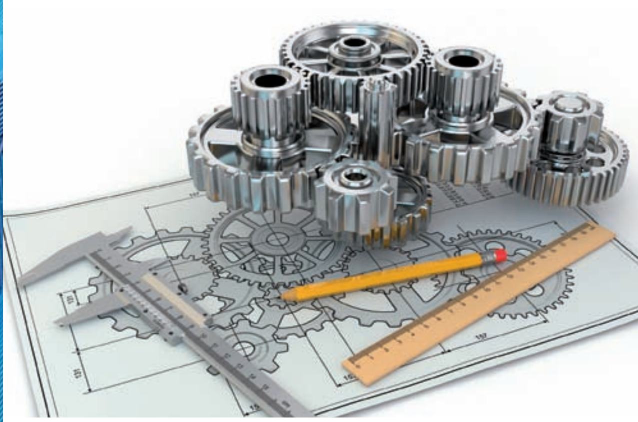

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Editorial

Chris Schlicht, Partner

An interesting aspect of practicing in the area of intellectual property (IP) is that there is always something new happening – whether it is a new or changing technology, a business that is starting up or expanding, or a development in the law itself.

This year, there has been a series of decisions handed down by the Federal Court of Australia that have the potential to significantly impact on IP rights, whether on their enforcement or validity. We discuss three of these cases in this newsletter.

In the decision Playgro Pty Ltd v Playgo Art and Craft Manufactory Ltd (page 3), an overseas manufacturer of toys was successfully sued for trade mark infringement in Australia, even though it did not physically operate in Australia and did not itself sell or supply its goods in this country. When other traders sold the goods in Australia, the Court determined that there was use of the trade mark by the overseas entity. Overseas manufacturers need to take care that the marks that they apply to their goods outside of Australia do not infringe any Australian registration.

In another trade mark decision, Lodestar Anstalt v Campari America LLC (page 2), the Federal Court determined that in order for a licensee of a trade mark to be considered an 'authorised user', the trade mark owner must exercise actual control over the use. Contractual power to control the use is not enough. The case will have a significant impact on the way trade mark licenses are written and implemented.

A third decision concerns the ground of inutility under patent law. In the decision of Ronneby Road Pty Ltd v Esco Corporation (page 6), Justice Jessup of the Federal Court found a patent was invalid for want of utility because the claimed invention provided some, but not all of the advantages identified in the specification. This case illustrates that there is a real danger to patentees if their invention does not meet all of the advantages promised. However, the issue can usually be avoided by the approach taken to the drafting of the specification.

We hope you enjoy reading this edition of *Inspire!*.

Legal services

Feathers fly in trade mark case: licensing lessons from Lodestar

Leonie Heaton, Senior Associate

In the recent case of Lodestar Anstalt v Campari America[1], the full bench of the Federal Court of Australia ordered the removal of two trade marks from the register for non-use because the registered owner did not exercise actual practical control over the use of the trade marks by its licensee.

Under the Australian *Trade Marks Act 1995*, 'authorised use' by a licensee is treated as use by the owner, but other use by a licensee is not, even if that use is permitted by the licence. A trade mark can be removed from the Register if it has not been used in Australia by either the registered owner or an 'authorised user' for a three year period. A licensee is an authorised user only if its use of the mark is controlled by the owner.

Under the Act, 'control' for the purpose of determining authorised use can be either:

> financial control over the licensee's trading activity (for example a parent company licensing a subsidiary), or

> quality control over the goods or services in relation to which the trade mark is used.

Why is this case important?

The Lodestar case is important because a 2002 decision[2] by a full bench of the Federal Court had been understood to mean that a mere theoretical possibility of contractual control was sufficient to establish authorised use and defeat a non-use application. The appeal court in the Lodestar case held that this is not correct. The mere fact that a licensee is licensed to use the trade mark is not sufficient to establish control, or authorised use.

The facts

An Irish whisky company, Austin Nichols & Co, Inc. (Austin Nichols), a predecessor in title to the respondent (Campari America LLC), owned two registered trade marks in Australia: WILD GEESE and WILD GEESE WINES. Austin Nichols did not use the marks in Australia itself. In 2007, it authorised an unrelated company, Wild Geese Wines Pty Ltd (WGW), to apply the marks to wine produced by WGW.

The parties executed a licence agreement which had all the usual hallmarks of a trade mark licence: term, exclusivity, territory, termination provisions and contractual control measures to ensure (or so it thought) that Austin Nichols could show that WGW was an authorised user of the marks.

The control provisions included that the wine bearing the marks would be 'of a quality at least as sufficient to obtain the continuing approval of the wine for export by the Australian Wine and Brandy Corporation (the AWBC)'. If 'continuing approval' was met (evidenced by the AWBC approval), the wine product was taken to be of sufficient quality to meet the standard under the control provisions in the agreement. In addition, there were various provisions requiring WGW to provide samples to Austin Nichols for evaluation yearly, and on request. So far, the agreement has worked well based on previous case law.

In 2010, Lodestar Anstalt, the manufacturer of Irish whisky under the brand Wild Geese, sought removal of the marks for non-use by Austin Nichols. But how? Austin Nichols was using the trade marks in Australia through its authorised user, WGW, and it had contractual provisions in the licence to prove it!

The issue

The facts showed that prior to Lodestar's removal application, Austin Nichols never called in any WGW wine samples for testing, never monitored or informed itself of where WGW was selling its wine, and the AWBC approval was found to be of no practical use. The AWBC quality 'export' standard involved no more than a rejection of what WGW admitted was 'truly undrinkable wine'. Of the 18,000 samples AWBC tested in 2010, only 40 samples failed, and the evidence showed this was typical. The quality control was illusory.

The Court held that having a contractual power to control the way in which the trade mark was used did not in itself result in the licensee's use of the trade mark being authorised use if the power was not in fact exercised. It clarified previous case law (relied on by the primary judge) which suggested that a mere theoretical possibility of contractual control was sufficient to establish authorised use. It is not.

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It was found that there was no use by the owner of the marks, Austin Nichols, in the previous three years, as Austin had **no actual control** over the way WGW used the marks in relation to the wine. The Court ordered the reinstatement of the Registrar's initial decision that the marks should be removed from the Register.

Take home message

The potential to control a licensee's use of a mark is no longer sufficient to successfully defeat an action for removal for non-use.

If you are the owner of an Australian trade mark, you need to have actual control over its use in Australia. This will be the case if the owner:

> is an overseas company that exports goods to Australia, or supplies goods or services there, under the trade mark

> exercises financial control over a company (such as a subsidiary) that supplies goods or services under the trade mark in Australia

> selects the goods sold by its licensees under its registered trade mark in Australia, and actively checks that only those goods are sold by the licensees, or

> has an active compliance program of quality control of the goods or services supplied by its licensees under its registered trade mark in Australia that is not a sham.

As long as one of these above requirements is continuously satisfied, the owner will use the trade mark either directly, or through an authorised user.

What should a trade mark owner do?

A trade mark owner that does not use its trade marks itself in Australia, and does not have a subsidiary that does so, needs to have a trade mark licence in place that permits it to control the selection or quality of the goods or services supplied under the trade mark. It also needs to have an active compliance programme, which may include detailed product specifications and provision of product samples at regular intervals for inspection and approval.

If you are unsure if this decision affects your Australian trade mark portfolio, or are concerned about the drafting or enforcement of your Australian trade mark licences, please contact Leonie Heaton at leonie.heaton@pof.com.au or Anita Brown at anita.brown@pof.com.au

References

1 *Lodestar Anstalt v Campari America LLC* [2016] FCAFC 92 (Lodestar case).

2 *Yau's Entertainment Pty Ltd v Asia Television Ltd* [2002] FCAFC 78.

Leonie Heaton *Juris Doctor BSc DipEd* is a Lawyer with extensive experience in negotiating and drafting agreements and advising on IP and its commercialisation. She also advises on matters arising under the Australian Consumer Law, the Personal Property Securities Act, privacy legislation and general commercial and corporate law. Having owned and operated a successful small business, Leonie understands the importance of cost-effective solutions.
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Overseas supplier caught by Australian trade mark law

Margaret Ryan, Special Counsel

Can an overseas company be sued for infringement of an Australian trade mark even though it doesn't engage in commercial activity in Australia? The recent trade mark case of *Playgro Pty Ltd v Playgo Art & Craft Manufactory Limited* [2016] FCA 280 (22 March 2016) affirms it certainly can.

Playgro is the owner of Australian trade mark registrations for the word PLAYGRO and for the logo 'Playgro' for toys (Figure 1). The Playgo group of companies are incorporated in Hong Kong and were involved in the manufacture and wholesale of toys marked with the PLAY GO trade mark (Figure 2).

Figure 1: Trade mark of Playgro Pty Ltd

Figure 2: Trade mark of Playgo Art & Craft Manufactory Limited

Playgo's toys were sold to retailers, including Australian retailers, on terms which meant that ownership of the goods transferred to the purchaser in China, and the Playgo group had no further control over them. Accordingly, the conduct of Playgo took place entirely outside Australia, although the company was aware that the toys were intended for the Australian market.

The Judge considered that the two trade marks were too close to each other – they were 'deceptively similar' in the language of the Australian *Trade Marks Act 1995* (Cth). Even though there were a number of trade marks registered in respect of toys that had PLAY as part of the trade mark, GRO and GO were visually and phonetically very similar, whereas other PLAY marks, for example, PLAYSKOOL and PLAYBOY, were different.

The main issue was whether Playgo had 'used' its trade mark for the purposes of the Trade Marks Act so as to infringe Playgro's registrations, even though the company had not operated physically in Australia. Playgo argued strenuously against this. Playgo's arguments included:

(a) the rule that Australian legislation is usually limited to actions occurring within Australia, and

(b) the concern that, if Playgo was found to be infringing, every foreign company throughout the world could be liable for trade mark infringement in Australia if it marks goods with its trade mark overseas and they are eventually sold in Australia, even if it is unaware of the sale.

Despite these arguments, the Judge held that Playgo had 'used' the trade mark in Australia when the Australian retailers offered for sale and sold the toys, thus infringing the PLAYGRO trade mark. While this decision was consistent with earlier authorities on 'use of a trade mark', this is the first time that an Australian court has applied this aspect of the law in an infringement context.

In this case, Playgo was aware that its toys were being sold in Australia. It is unclear whether there would be an infringement if the overseas supplier did not know this. However, a strict application of the earlier case law would suggest that this would also be a trade mark infringement.

The case strengthens the arsenal of remedies available to a trade mark owner, making it possible to sue overseas suppliers whose goods have been sold in Australia. Normally one would sue the Australian retailers and/or wholesalers, but there may be reasons why this is not possible or not desirable.

On the other hand, this case is of concern to overseas suppliers of goods, especially if they are aware of the sale of their goods in Australia.

Determining whether an Australian judgment can be enforced in an overseas country to recover compensation is a separate issue. Some countries, such as Hong Kong, have arrangements with Australia to make this easier, whereas other countries, such as China, do not.

If you would like to find out more about the enforcement of Australian trade mark rights, contact Margaret Ryan at margaret.ryan@pof.com.au

Margaret Ryan *BEng(Hons) FIPTA* is a Lawyer and Trade Marks Attorney with over 20 years' experience in all areas of IP law practice. She represents clients in both litigious and commercial matters. Margaret was awarded the University Medal in Law and has been a co-author of the copyright section of The Laws of Australia. She also conducts trade mark oppositions before the Trade Marks Office and lectures in Intellectual Property Law at Victoria University.
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Productivity Commission draft report: 'In this country, it's too easy to get a patent.'

Greg Chambers, Partner

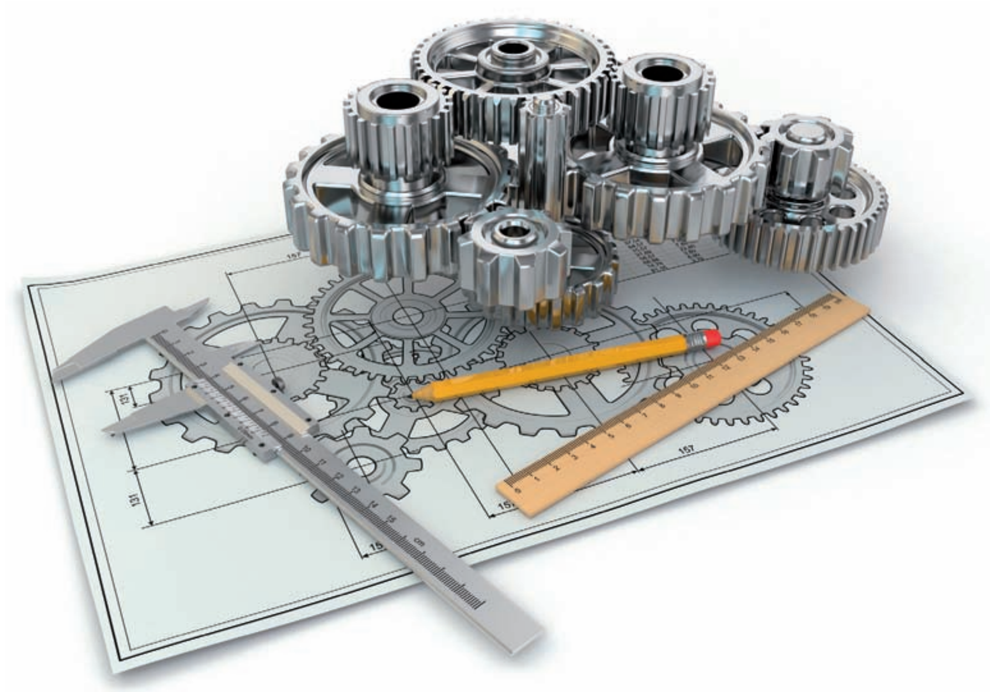
The Productivity Commission has issued a draft report concerning intellectual property (IP) arrangements in Australia. It is a broad overview of the entire IP system in Australia.

In August 2015, the then Treasurer, Joe Hockey, requested the Commission undertake an enquiry into Australia's IP arrangements. For a Commission with no previous expertise in IP law, this was a big task. While the Commission has now produced a draft report, their final report is still several months away. It is clear however, that the Commission considers Australia's IP laws confer rights too easily and protect innovations and ideas for longer than necessary to encourage innovation.

The tenor of the report is clear from the outset: 'IP arrangements should provide the minimum incentives necessary to encourage investment.' This view is maintained throughout the draft report and underlies many of the recommendations, most of which involve some curtailment of the protections currently available for inventions and creative output in Australia. The key recommendations in the report are to:

- change the inventive step requirement for patents to make it more difficult to secure a patent grant
- abolish the innovation patent system
- limit the ability to secure patents for new business methods and software
- pursue changes in multilateral and bilateral trade agreements to rein back what is seen as an overly generous international system of IP rights
- introduce a new system for the calculation of the period for an extension of term for patents which cover pharmaceuticals
- delay joining the Hague Agreement for the International Protection of Designs, notwithstanding the recent adoption of the Hague Agreement by both the United States and Japan
- abolish the defensive trade mark registration system.

The report states that the patent system should only grant patents to socially valuable innovations that would not otherwise occur. However, it is unclear from the report how the Patent Office could ever determine the 'social value' of an invention. The question of what type of invention is deserving of a patent is centuries old. The English, in passing the Statute of Monopolies in 1623, set the bar reasonably low, but provided that a patent should not be granted to manners of manufacture which were 'mischievous to the state' or 'generally inconvenient'. While the Commission has misgivings about the social value of some patented inventions, no real solution to this issue is offered.



The level of 'inventiveness' that should be required for the grant of a patent has also been a source of extensive debate for many years. Since the introduction of the Australian *Patents Act 1990*, there have been numerous changes to the test for 'inventiveness'. It now seems that Australia is set for a further change – this time to an 'obvious to try' test.

Towards the end of the draft report, questions are raised regarding the most appropriate body for reviewing or proposing changes to IP laws in Australia. It is suggested that there may be a conflict of interest for IP Australia to be initiating reform.

Over the last 30 years, there have been many enquiries into various aspects of IP in Australia. These enquiries have led to a number of changes to Australian IP law, most notably to major revisions of trade marks law in 1995, and patents law in 1990 and in 2002. Since the Commission was not involved in these earlier enquiries, perhaps it was not the most appropriate body to lead the recent investigations.

Regardless of the final shape of the report presented to the Government, it can be expected that there will be some major reforms to Australia's IP laws in the near future.

Greg Chambers *BSc LLB FIPTA* is a Lawyer and a Patent and Trade Marks Attorney who is the Chair of the POF Board and is the firm's senior litigator. Greg has been involved in a number of successful ex-parte applications for the seizure of goods infringing IP rights, and acts for several international companies both for the acquisition and enforcement of IP rights. Greg was previously an Examiner for the Professional Standards Board and is the immediate past President of FICPI Australia. Greg was identified in the ALB Intellectual Property Law Guide in 2015 for his work in patent and trade mark litigation, and similarly in the 2015 World Trade Mark Review.
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#fake – the rising trade of counterfeit goods

Marine Guillou, Senior Associate

In April 2016, the Organisation for Economic Co-operation and Development (OECD) and the European Union Intellectual Property Office (EUIPO) released a report[1] on global trade in counterfeit and pirated products.

The report analysed nearly half a million customs seizures around the world over 2011–2013, and examined the impact of counterfeit goods on the economy and international trade. Alarmingly, the report found that trade in counterfeit goods increased by more than 80% in five years – from US$250 billion annually in 2008 to over US$461 billion in 2013. The report highlighted that counterfeit products now represent more than 2.5% of all world trade, including 5% of all imports into the European Union.

The study reiterated a number of known trends, including the wide range of products affected by counterfeiting, from luxury and business goods, through to common consumer products. The sources of counterfeit goods are also on a global scale. Middle income and emerging economies tend to be key players, with China still appearing to be the largest producer.

Interestingly, the study also found that counterfeiters are improving their logistics networks, taking advantage of the huge growth in online shopping. According to the report, postal parcels are the top method of shipping counterfeit goods, accounting for an estimated 62% of seizures between 2011 and 2013. This is explained by the fact that small postal shipments are a way to avoid detection and minimise the risk of sanctions.

This shift in the online practice of counterfeiters was also discussed in a recent study, *Social media and luxury goods counterfeit: a growing concern for government, industry and consumers worldwide*.[2] This study examined the sale of counterfeit goods on social media platforms, in particular Instagram. Researchers found that 20% of 750,000 posts about top fashion brands featured counterfeit and/or illicit products. Most of the vendors identified were found to be based in China, Russia, Malaysia, Indonesia and Ukraine, while the most affected brands seem to be Chanel, Prada, Louis Vuitton and Fendi, along with Rolex and Cartier for luxury watches. According to the report, these new online counterfeit sellers are technology-savvy and widely use instant messenger apps such as Telegram or Whatsapp, which provide end-to-end encryption. They also use fake accounts (or spam-bots), deploy botnets to bypass internal security systems, and are able to post thousands of images daily. If an account is exposed and blocked by Instagram, it may reappear under a new profile name in a matter of days or even hours.

The report highlighted the effect of the internet being used as a 'giant amplifier' for the sale of counterfeit goods, giving almost a direct line between producers and consumers with no filter or barrier.

The reports highlight the need for a comprehensive anti-counterfeiting strategy and a cross-sector collaboration to stop infringers. The results of the studies are concerning, as the numbers show that counterfeiting is on the rise and infringers are increasingly using all technologies available to develop their business. If you are experiencing any of these issues in your business, contact us to find out how we can help you.

References

1 OECD/EUIPO. (2016). *Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact*. OECD Publishing, Paris. Available at http://www.oecd-ilibrary.org/governance/trade-in-counterfeit-and-pirated-goods_9789264252653-en

2 Study led by researcher Andrea Stroppa is available via *The Washington Post*'s website at: https://www.washingtonpost.com/blogs/the-switch/files/2016/05/IG_A2016_ST2.pdf?tid=a_inl

Marine Guillou *LLM (Edinburgh University)* is a Trade Marks Attorney who specialises in anti-counterfeiting programs, customs proceedings, training and trade mark infringement litigation. Marine gained valuable experience as an in-house lawyer for the French anti-counterfeiting group, Union Des Fabricants (Unifab) and as an anti-counterfeiting Area Manager with Société Bic. In 2015, Marine was ranked as one of Australia's top specialist experts in anti-counterfeiting in the World Trademark Review 1000.
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POF firm news

POF hosts anti-counterfeiting workshops in partnership with leading European anti-counterfeiting organisation, React

From 25–27 July, POF rolled out a series of anti-counterfeiting seminars and workshops across Australasia in conjunction with leading European anti-counterfeiting organisation, React. As React's exclusive partner in Australia and New Zealand, POF delivered events in Auckland and Sydney for brand owners and authorities in the anti-counterfeiting field. The seminar in Auckland was opened by Bill Perry, Deputy Comptroller, Operations from New Zealand Customs, and included speakers from Hong Kong Customs, Australian Border Force, Pfizer and TradeMe.

Following the success of last year's inaugural event in Melbourne, the workshops provided an opportunity for brand owners to engage with Customs officers and facilitate the exchange of best practices against counterfeiting. Attendees shared insights on counterfeiting trends and critical risk indicators to assist Customs officers in identifying counterfeit goods. New Zealand Customs also arranged a guided tour of their air cargo facilities and the International Mail Centre, offering valuable information about cargo inspection, investigation, risk analysis and consumer protection. Officers led enlightening demonstrations and emphasised the importance of X-Rays and detection dogs in identifying unauthorised goods. Attendees even received the rare opportunity to witness an intercept of a shipment of methamphetamines!

The workshops and seminars were well-received, with in-house lawyers and brand protection managers attending from Louis Vuitton, Pfizer, Apple, Tiffany & Co, Procter & Gamble, New Era Cap, Nike, ghd, Dolby, Stihl and Schaeffler.

We would like to thank everyone who attended this event and we look forward to continuing to work with React in the fight against counterfeiting.

If you would like to find out more about the event, or if you have any issues in relation to counterfeiting, please contact Marine Guillou – marine.guillou@pof.com.au

Pictured: Customs officers and brand owners at the anti-counterfeiting workshops.

Inutility in the spotlight in Australia

Karen Spark, Partner

'Australian law requires that, in addition to being novel and inventive, a patentable invention must be 'useful'. Utility is not only an issue considered during examination, but is also a ground for opposition of an Australian application, as well as for re-examination and revocation of a patent.'.

The recent case of Ronneby Road v ESCO[1] was an appeal to the Federal Court of Australia following an unsuccessful opposition to the grant of a patent application[2] filed by ESCO Corporation (ESCO). Only one of the three different opponents, Ronneby Road Pty Ltd (Ronneby), appealed the decision, relying on the grounds of novelty, lack of fair basis and inutility.

On appeal, Jessup J considered all of the grounds and found that a number of the claims lacked novelty. He rejected the lack of fair basis allegation raised against certain claims. Significantly, Jessup J also considered the current law in Australia on the issue of inutility and found that all of the claims of the application failed the requirement to be useful, as set out in section 18(1)(c) of the *Patents Act 1990*.

The opposed application related to a wear assembly for securing a wear member to excavating equipment. In describing the background to the invention, it was said that:

> *'Many designs have been developed in an effort to enhance the strength, stability, durability, penetration, safety, and/or ease of replacement of such wear members with varying degrees of success.'*[3]

Further, the patent specification stated that the:

> *'… invention pertains to an improved wear assembly for securing wear members to excavating equipment for enhanced stability, strength, durability, penetration, safety, and ease of replacement.'*[4]

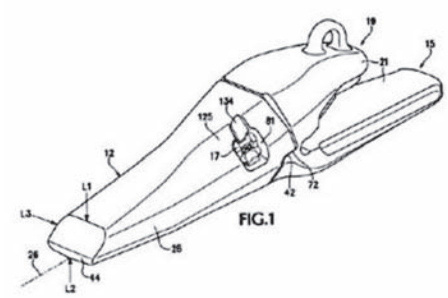

Figure 1

Ronneby argued that the promise of the invention (Figure 1) was therefore the achievement of all of these advantages. As such, these advantages were all to be delivered by the invention as claimed in each and every claim. On this basis, Ronneby submitted to the court that all of the claims of the patent application were:

> *'… bad for want of utility because none of them delivered on the promise made in the specification, namely, that the invention would bring all of the six named advantages.'*[5]

In response, ESCO argued that the advantages set out in the specification:

> *'… were to be understood distributively apropos the claims that related to them respectively, rather than as a composite promise which conveyed the sense that all six advantages would be delivered by the invention so far as claimed in every claim.'*[6]

In deciding this matter, Jessup J relied on the decision of Windeyer J in Pracades Pty Ltd v Stanilite Electronics Pty Ltd[7]. In that case, the patent specification listed six disadvantages of existing technology and promised that as a result of the invention these could largely be avoided. On the available evidence Windeyer J found that the invention did not fully deliver the promised result and that even a partial failure of the consideration given for the patent was sufficient basis for a successful claim for revocation.

Jessup J considered that he was bound to follow the authority of Pracades and held that all of the claims of the ESCO patent application were bad for lack of utility. ESCO has since sought leave to appeal the decision.

Irrespective of the outcome of the appeal, the clear message from this decision is to be very careful to ensure that a specification does not make promises for the invention which are not met by every claim. If certain advantages are only delivered by particular embodiments of the invention, then this should be made clear in the specification. Amendments to the specification to address the issue of utility should be made prior to grant of a patent on the patent application.

If you would like to seek advice about how this decision may affect your patent application or invention, please contact Karen Spark at karen.spark@pof.com.au.

References

1 *Ronneby Road Pty Ltd v ESCO Corporation* [2016] FCA 588.
2 Australian patent appn 2011201135.
3 Ibid, 1–2.
4 Ibid, 2.
5 *Ronneby Road Pty Ltd v ESCO Corporation* [2016] FCA 588, [72].
6 Ibid.
7 *Pracades Pty Ltd v Stanilite Electronics Pty Ltd* (1995) 35 IPR 259.

Karen Spark *BEng(Hons) FIPTA* is a Patent Attorney and is experienced in all facets of patent and design matters both in Australia and overseas. Karen's clients are primarily Australian entities with varying commercial interests across the engineering fields, who have developed inventions across fields such as general hardware, consumer products, mining equipment, medical devices, and transportation. Karen also provides strategic and general business expertise to her clients.
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Update on the global patent prosecution highway: the pilot program between Australia and Europe

Neil Ireland, Partner

In our December 2015 issue of *Inspire!*, we reported on IP Australia's announcement that they had signed a memorandum of understanding (MOU) with the European patent office (EPO) to increase bilateral cooperation between the two offices. One of the areas for proposed collaboration was the introduction of a bilateral patent prosecution highway (PPH) between the Australian patent office (APO) and the EPO.

As a result of the memorandum, on 1 July 2016, IP Australia and the EPO announced the commencement of a three year patent pilot program aimed at leveraging patent prosecution in one of the two jurisdictions to fast track patent prosecution in the other jurisdiction.

The IP Australia/EPO PPH covers applications filed through the Patent Cooperation Treaty (PCT), as well as applications filed under the Paris Convention. The program extends to examination carried out by either office in relation to:

> examination carried out under the PCT, such as a Written Opinion or an International Preliminary Report on Patentability

> examination after entry into the national phase.

Examination carried out either (i) during the international phase or (ii) after national phase entry, indicating that one or more claims are allowable or patentable, determines whether a patent applicant can request participation in the PPH in the other jurisdiction. Once filed, the request will expedite prosecution in the other jurisdiction and in many instances, will lead to rapid grant.

For most applicants, this will be most beneficial where the application receives a clear report during the international phase. The patent applicant will be able to request participation under the PPH using the International Preliminary Examination Report on patentability, as a PPH request can then be filed at national or regional phase entry. This will significantly increase the speed of prosecution.

In many cases, Australian applicants typically find that prosecution before the EPO is relatively slow as a result of the significant examination backlog. While programs are underway to address this backlog, the PPH provides Australian patent applicants with a useful tool to expedite prosecution of their European applications. Given the economic importance of grant of a European patent to Australian applicants, this can add significant value to their intellectual property portfolios by expediting grant in Europe in a cost effective manner.

The pilot program has been scheduled to run until 30 June 2019, at which time the results of the trial will be evaluated. Based on the experience of previous trials of this type, such as the trial PPH between IP Australia and the United States Patent and Trade Mark Office, we would anticipate that the program will be made permanent at the end of the trial.

If you have any questions on the PPH, please contact Neil Ireland at neil.ireland@pof.com.au

Neil Ireland *BBSc(Hons) GDipIPLaw LLB(Hons) PhD MRACI CChem FIPTA* is a Patent and Trade Marks Attorney with 18 years' patenting experience across a wide range of chemical technologies, with particular expertise in small molecules, polymers and nanotechnology. Neil completed a PhD in synthetic organic chemistry, which was followed by three years' research experience in the food industry where his research focussed on flavour development in dairy products.
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POF firm news

Congratulations to our newly qualified patent and trade marks attorneys, Dr David Hvasanov and Dr Louis Tsai

We are delighted to announce our two newest patent and trade marks attorneys, Dr David Hvasanov and Dr Louis Tsai.

David began his career with POF in June 2013, following the completion of his undergraduate degree in science at the University of New South Wales (UNSW), for which he was awarded the University Medal. He then undertook an honours project at the UNSW School of Chemistry, before completing a PhD, where his thesis investigated light harvesting bioconjugates as photosynthetic mimics.

David's work has been presented at many local and international conferences, including the American Chemical Society National Meeting in San Diego, USA and Pacifichem in Hawaii, USA. His work has received awards at both national and international conferences, in addition to receiving a research excellence award from UNSW. David's work has also been featured in several high-impact journals, and he has published a book chapter for the Royal Society of Chemistry.

Louis also joined POF in 2013, having completed his double undergraduate degrees in science and engineering at UNSW, majoring in medical immunology, microbiology and bioinformatics. He then obtained a PhD in medicine in 2012 from Monash University, researching the balance between effective antibody response and autoimmunity.

Since 2008, Louis has been involved in a number of research projects through his employment at the Garvan Institute and Monash University. His scientific work has been published in highly prestigious, peer-reviewed journals and recognised by presentations at multiple conferences. During his research, Louis discovered and defined new subsets of CD4 T cells which could be used to identify patients with more severe forms of rheumatoid arthritis and systemic lupus erythematosus.

From everyone at POF, congratulations to David and Louis on this significant achievement!

Pictured: POF's new Patent and Trade Marks Attorneys, Dr David Hvasanov (left) and Dr Louis Tsai.

Frucor fails in Green bid

Greg Chambers, Partner

Can a single colour be a brand? Generally, the Trade Marks Office and the Courts are reluctant to recognise claims made by a business that a specific colour is theirs alone. There are of course some famous exceptions. Kodak owns the colour gold as a trade mark for photographic film and Cadbury owns the colour purple for chocolate. So what does it take to secure rights in a colour?

This question has again been considered by the Trade Marks Office in an opposition brought by The Coca-Cola Company against Frucor Beverages Limited in connection with Frucor's claim that a particular shade of green was distinctive of their energy drinks. Frucor's 'V' energy drinks are sold as shown in Figure 1.

Figure 1: Frucor's 'V' energy drinks

These drinks have been sold in Australia in large numbers for many years and much of Frucor's promotion has used the colour green. Yet the Office decided against Frucor's application. Central to the decision was whether Frucor had established that the green colour alone was perceived by consumers as a brand – as a badge of origin. The Office was not satisfied that it did. It didn't help Frucor's case that it sold flavoured variants of its "V" energy drink in other colours – blue, orange, silver and black. Why would the green colour of the original drink be perceived as a brand and the other colours not?

Survey evidence from Frucor was also not seen as compelling. Whilst almost a quarter of respondents to a survey conducted for Frucor had said that they identified the colour green with Frucor's energy drinks, the Office found the survey sample too narrow – only people who had recently purchased energy drinks. Further, the question posed was too imprecise – respondents had not been asked whether they exclusively associated the colour green with Frucor's drinks.

The nature of the product was another factor that counted against Frucor. Non-alcoholic drinks have historically been sold in a range of colours to distinguish flavours and varieties. A lime drink is of course green. And the fact that it was the colour green and not some other colour was also problematic. BP has pursued registration of the colour green through the Courts and the Trade Marks Office for many years, and to date has failed. Green is associated with environmentalism, natural products and clean living. How could it be right to lock up for one trader a colour used and associated with these characteristics?

Bright colours are often used by manufacturers of consumer goods for product packaging. As consumer psychologists say 'colour sells'. Yellow and orange are said to be associated with happiness, whilst blue is more often described as being associated with calming and peace. If a colour is used exclusively by a trader across a product range, that colour can become associated with that particular trader – and this can have a positive impact on the trader's brand. For example, Heinz soups are associated with the colour red. However, association is often not enough for the colour itself to operate as a brand. Could one be sure that a red container of soup was Heinz soup before seeing the Heinz name on the label?

The take away from the Frucor decision is that conventional colours remain difficult to register as trade marks. Single colours by themselves are unlikely to be perceived as trade marks unless used in a way which educates consumers that the colour is to be seen as a brand rather than as a reference to flavour, type or some other characteristic.

The decision of the Registrar is on appeal.

Disclaimer: Phillips Ormonde Fitzpatrick acted for the Opponent, The Coca-Cola Company.

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Jail time for trade mark renewal scammers

Mark Williams, Senior Associate

It has long been the practice of some companies to data mine records of the Australian and international patent, trade mark and design registers, and offer to list or publish that information for a fee.

IP Australia has tried to prevent consumers from being duped with warning letters and has created a page on their website highlighting the issue. IP Australia has also recently taken steps to prevent data mining of their databases by hiding 'address for service' details so that they are not easily indexed by search engines or web crawlers. However, the practice continues.

Prosecution of individuals associated with these 'scam' companies in Australia has not been attempted. Their letters and fine print, while looking official and like an invoice, are carefully worded to state that they are not official registers and that the letter isn't an invoice.

Pleasingly, this did not deter the Swedish Government who took action against six individuals of OMIH Trademarks and Designs Registration Office. In June, a Swedish court found the six individuals guilty of various offences, including attempted fraud and aiding and abetting attempted fraud. Some received jail sentences up to a year in length.

We can only hope it is the beginning of the end of these types of registers. In the meantime, if you are concerned about the legitimacy of a communication you have received, please check it against our list of unofficial registers on our website at www.pof.com.au/about-ip/unofficial-registers or contact us at attorney@pof.com.au

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Kangaroos in the ring: the case of Qantas Airways Limited v Edwards

Michelle Betschart, Associate

In the recent case of Qantas v Edwards[1], Yates J upheld a Trade Marks Office decision to allow registration of Luke Edwards' kangaroo t-shirt logo (Figure 1), in respect of clothing, footwear and headwear, finding that Qantas was unable to make out either of its grounds of opposition based on deceptive similarity (section 44) or prior reputation (section 60).

Figure 1

Deceptive similarity – Section 44

Section 57 of the *Trade Marks Act 1995* (the Act) allows for opposition to registration based on the grounds for which an application may be rejected during examination. One of the grounds, which is provided under Section 44, states 'a trade mark application may be rejected if it is substantially identical with, or deceptively similar to, an earlier registration for similar goods or closely-related services'.

Qantas relied on its 1984 kangaroo/tail fin mark (Figure 2) as the basis for its opposition on section 44 grounds.

Figure 2

The mark consists of the stylised kangaroo set against the triangular 'tail fin' background. In considering the issue of deceptive similarity, the Court noted the broad similarity of the Qantas mark and the opposed mark because both marks include 'kangaroo-like' features. However, his Honour was cautious about placing too much weight on the kangaroo features and not excluding the other elements of the trade marks. In his Honour's view, the conspicuous t-shirt element of the opposed mark distinguished it from the Qantas 1984 kangaroo/tail fin mark to the extent that visually, the opposed mark was considered 'far removed from the earlier Qantas mark'.

The decision against Qantas with respect to deceptive similarity turned partly on the finding that Qantas' 'merchandising services' are not closely related to the Respondent's 'clothing, footwear and headwear' goods in Class 25. The fact that the Class 25 goods are capable of being used for merchandising did not render them any 'more or less related to [Qantas'] advertising, marketing and merchandising services' than any other goods or services that can be advertised marketed or merchandised. To this end, his Honour pointed out that Qantas' registration for services in Class 35 'is not a registration for goods or services in respect of which' those services *might* be supplied or provided.

Relying on the decision in the Registrar of Trade Marks v Woolworths Ltd[2], Qantas argued that the decision of whether the services and goods were closely related was 'intimately bound up with the question of whether the two marks are substantially identical or deceptively similar'. However, his Honour rejected Qantas' line of argument and clarified that French J's analysis in the Woolworths case was directed specifically at a consideration of deceptive similarity and not on the closeness of the relationship between goods and services.

His Honour was also not swayed by the expert evidence supplied by Qantas with respect to the likely consumer perception of Qantas' brand. On the contrary, his Honour pointed out that the question of likely consumer perception is a question of fact to be determined by the Court.

Prior reputation – Section 60

Section 60 of the Act provides that a registration in respect of particular goods or services may be opposed on the ground that another trade mark had, before the priority date of the applied for mark, acquired a reputation in Australia and because of that reputation, the use of the applied for mark would be likely to deceive or cause confusion. Qantas sought to rely on what it described as 'overwhelming and incontrovertible' evidence to demonstrate that the reputation of its relevant marks is 'simply enormous' to the extent that use of the Respondent's kangaroo T-shirt mark would be likely to deceive and cause confusion.

This ground of opposition was based on four earlier Qantas marks, two of which consisted of a kangaroo silhouette on a tail fin, the other two being the kangaroo silhouette alone. It was found that the kangaroo/tail fin marks were the dominant marks used by Qantas in the years preceding the priority date of the opposed application.

His Honour found that much of the use of the kangaroo silhouette marks was in fact on Qantas aircraft or with other distinctive elements. Ultimately, Yates J found that the reputation Qantas enjoyed with respect to the kangaroo/tail fin and kangaroo silhouette marks as at the priority date of the opposed application was 'in relation to airline services or perhaps, more broadly, travel services and the like'. His Honour rejected Qantas' arguments that its reputation extended to the goods of

the opposed application by virtue of brand extension. In particular, that evidence of use demonstrated by Qantas was use on goods simply for endorsement purposes or otherwise, use 'very closely connected to Qantas' core activity of providing airline services'. Although his Honour recognised Qantas' reputation with respect to airline services, he was not satisfied that use by the Respondent as at the priority date, and in relation to the Respondent's goods, would have been likely to cause deception or confusion.

It's not over yet

In response to these opposition proceedings, Qantas has filed an application to register its kangaroo silhouette across a range of goods and services, including goods in Class 25. The Respondent in this case has opposed the Qantas application and has also filed further applications for additional kangaroo silhouette trade marks.

References

1 *Qantas Airways Limited v Edwards* [2016] FCA 729 (23 June 2016).

2 *Registrar of Trade Marks v Woolworths Ltd* (1999) 93 FCR 365; [1999] FCA 1020.

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What on earth is blockchain and why should I care?

Mark Williams, Senior Associate

Cryptographic trainspotters will be well aware of bitcoin and the underlying blockchain technology which was developed a number of years ago by a mysterious man named Satoshi Nakamoto (although many believe it is the work of Australian Craig Wright). In the last six months, EITC Holdings, a company believed to be associated with Craig Wright, has filed over 50 provisional patent applications relating to blockchain technology. Should these provisional applications proceed to complete applications, EITC Holdings will have to name the inventors, which should solve the Satoshi Nakamoto/Craig Wright mystery.

It is convenient to explain blockchain in the context of cryptocurrencies, including bitcoin, but blockchain is not limited to this use. In a world of cash transactions, banknotes are physical items which are hard to copy or reproduce, avoiding what is known in computing as the 'double-spending' problem. For example, imagine you need to give someone $50 and you pay them with one $50 note. It is clear that once you hand over the $50 note, you no longer have it, and counterfeits aside, it is also impossible for you to provide that same $50 note to someone else at the same time. That is not necessarily the case in the digital currencies; which is where blockchain technology comes in.

Ledgers and the Hawala system

Before we delve into blockchain, we need to understand the notion of a ledger. Ledgers have been used for centuries to record transactions, and they are just that, a record of a transaction. In fact, before Western banking as we know it existed, many parts of the world used (and to this day, continue to use) an informal funds transfer system known as Hawala (حوالة). It is a very simple system based on ledger and trust! For example, sender A wishes to transfer funds to receiver B (usually in another distant location). Sender A approaches a Hawala dealer C and provides the funds. Hawala dealer C contacts Hawala dealer D who agrees to release funds to receiver B. Hawala dealers C and D have a ledger to track all of the transactions and eventually settle-up at an appropriate time. While cash is provided, no money is actually physically transferred. Again, in this scenario, the 'double-spending problem' is avoided, but perhaps not so in the digital realm.

The idea of a ledger is a good one since it tracks all of the transactions and keeps a record. But in the digital realm, who is in charge of the ledger? Might they alter the ledger or create false transactions or duplicate digital notes? While the Hawala system and ledger is based on trust and shared between a small number of people, blockchain provides a ledger visible to any number of people and replaces trust with 'proof of work'.

The proof is in the blockchain pudding

A blockchain is formed by a number of blocks linked together to form a chain. Each block in the chain represents transaction data and blocks are arranged in a linear sequence over time, forming a blockchain. Any new blocks that are appended to the chain cannot be changed or removed. Users of the system update and check the integrity of the ledger by participating. The process of adding a new block to the blockchain involves hard work (in terms of computing power, and in turn, electricity) by solving a cryptographic proof, a hash function. Only once this 'proof of work' is completed can a block be added to the end of the chain and get the approval of other people in the network. This 'proof of work' concept ensures the integrity of the ledger. So imagine you have total faith in the integrity of a ledger, you can see how there may be other applications beyond cryptocurrencies.

Consequently, we are now seeing a swathe of innovations in this space. For example, digital notaries that require no third-party verification, management of financial contracts and wills, e-voting and cloud storage applications to name but a few. Blockchain technology will change the way we carry out day-to-day transactions in the future, in ways we are yet to imagine.

If you would like to know more about blockchain technology, please contact Mark Williams at mark.williams@pof.com.au

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Olympic-themed advertising and patented sports technology: the legal athletics behind the Olympics

Peter Wassouf, Trainee Patent Attorney

Intellectual Property (IP) plays a major role in any large sporting event. The XXXI Olympiad is no exception. This article outlines some of the trade mark issues associated with the Olympics, along with the patented technology used by athletes in Olympic events.

Olympic sponsorship, and the dangers of getting it wrong

In Australia, the use of the Olympic rings and other Olympic insignia are protected by specific legislation under the *Olympic Insignia Protection Act 1987*. The Act requires a licence from the Australian Olympic Committee (AOC) to use protected Olympic insignia and expressions, such as the word 'Olympics' and the Olympic rings. The AOC maintains a register of licensees authorised to use the Olympic insignia.

Among the licensees are major sponsors of the Australian Olympic team including The Coca-Cola Company, McDonalds Corporation and Omega Ltd (Swatch Group Australia). During the Olympics, these companies made widespread use of protected Olympic expressions on Twitter and other social media platforms. Companies who were not sponsors had to tread carefully, especially given the recent case of Australian Olympic Committee, Inc. v Telstra Corporation Limited[1]. In this case, the AOC took Telstra to court over claims that its advertisements implied it was an official sponsor of the Rio games. The AOC lost the case, as the Federal Court held that the AOC had to prove that Telstra's advertisements represented some sort of sponsorship or licensing arrangement with an Olympic body.

Even though Telstra's commercials played Peter Allen's 'I Go to Rio' and referred to the 'Olympics on 7' mobile app, the Court held that Telstra was only promoting its association with the Seven Network and its Olympic broadcast. This was an unusual situation because Telstra did have a legitimate link to the Olympics as it was the 'Official Technology Partner of Seven's Olympic Games Coverage'. Companies attempting to associate themselves with the Olympics who do not have such a link would have to be extra careful.

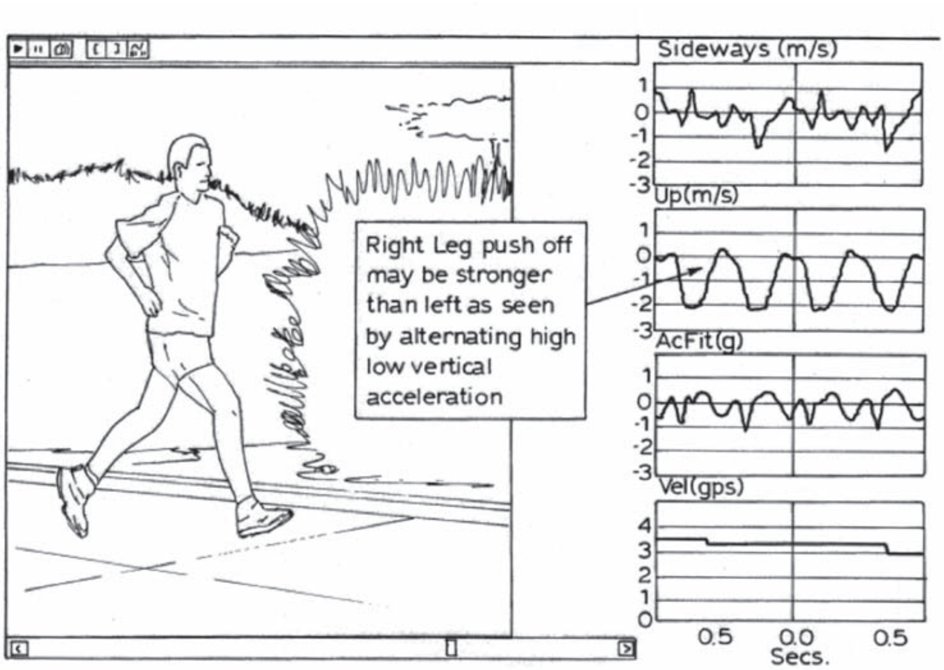

Figure 1: ESports monitoring system in action, Australian Patent 2006222732.

Wearable technology and data analytics

Wearable patented technology and associated data-analytics (Figure 1) are becoming increasingly important in elite athlete training and competition. The combination of wearable hardware (laced accelerometers, magnetometers, gyroscopes and photoplethysmography) with proprietary software is currently being used by athletes and coaching staff to understand the physical stresses an athlete may be under at a given point in time. These metrics can be observed in real-time during training or competition, and can factor in decisions during training or competition. Additionally, analysis of these metrics allow for coaching staff and athletes to better understand an athlete's current physical condition. This valuable information can be used to tailor training programs, getting the most out of an athlete's abilities while preventing injury.

This patented technology has also contributed to the development of sporting attire, which allows athletes to move faster, and also look stylish.

Condition and performance trackers

Systems such as Catapult's Optimeye system were used by the Brazilian Football Federation and the US women's Football team. The Optimeye system comprises a plethora of accelerometers, gyroscopes, magnetometers and heart rate monitors, which record more than 900 data points per second. This data is fed to an analytics platform which generates detailed real-time information about an athlete's performance and condition. It can specify the foot which the athlete favours, and the number of heavy knocks an athlete has endured.

Force sensors and boxing

Force sensors, such as HBO's patented Sensor System (Figure 2) used in punch tracking technology, measure a boxer's punch speeds, striking intensity, punch type, and punch combinations. This data provides real-time feedback to athletes and coaching staff, allowing teams to monitor and analyse performance during competition and training.

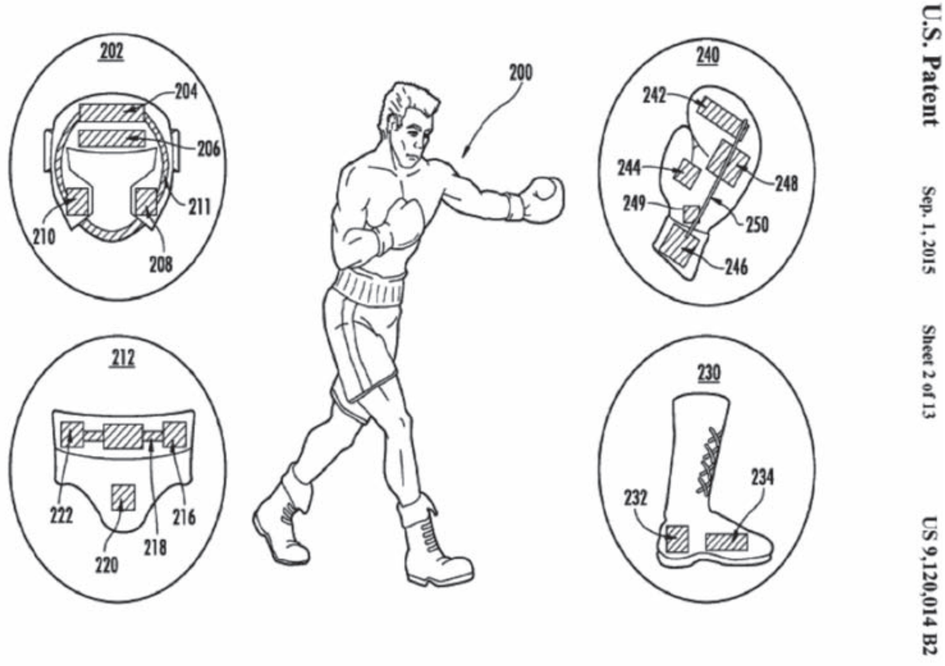

Figure 2: HBO's patented Sensor System, US Patent 9,120,014 B2.

Heads-up display

It's one thing for detailed information to be transmitted to coaching staff, but wouldn't it be great if athletes could see this information while in action? Kopin Corporation's Solos glasses (Figure 3) have made this possible and have been used by cyclists during training. The system receives data from a number of sensors including bike sensors and heart rate monitors. The data from the sensors is processed into useful information such as speed, power, distance travelled and heart rate, and is viewable through a micro display attached to the cyclists glasses, without impeding their vision.

We eagerly anticipate the games of the XXXII Olympiad, which are likely to make use of further technological innovation.

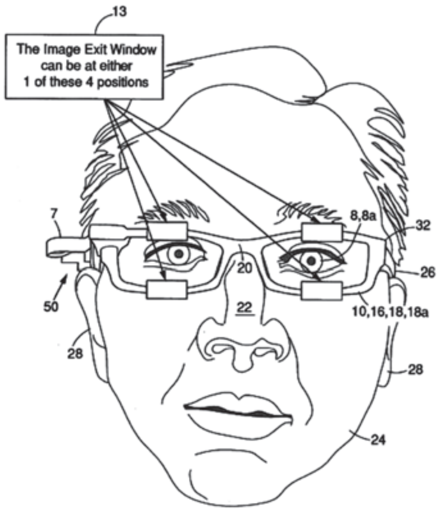

Figure 3: Kopin Corporation's Solos glasses with invisible optics, WO/2016/077696

Reference

1 *Australian Olympic Committee, Inc. v Telstra Corporation Limited* [2016] FCA 857.

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