

Inspire



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Welcome

Although it has now been more than five years since the Intellectual Property Laws Amendment (Raising the Bar) Act made significant amendments to Australia's IP Legislation, we are only now starting to see how some of these changes are being interpreted, particularly by the Patent Office. In this edition of Inspire, Duncan Joiner reviews a recent Patent Opposition decision on the level of disclosure required to support claims across their full width. This and other recent decisions indicate that where claims define an invention by reference to parameters, the specification will need to provide guidance on how those different combinations of those parameters can be utilised to achieve the desired outcome.

Meanwhile, Leigh Guerin looks at how the Patent Office is applying the amended disclosure requirements to claims directed to antibodies. Claims to a novel target (antigen or epitope) are generally considered to apply a principle of general application and are generally acceptable. However claims defined by reference to the antibody's sequence identity, while potentially narrower in scope may require a greater level of disclosure to be fully enabled.

More recent changes to Australia's Trade Marks Act also mean

that brand owners may need to reconsider how they address the issue of parallel imports, as Marine Guillou explains. Also highlighting the importance of appropriate commercial arrangements, Anita Brown considers the decision in Trident Foods. Despite it being common practice for trade marks to be owned by one member of a corporate group but used by another, such arrangements are not without difficulties. It is important in such situations to ensure that appropriate licenses are in place to avoid the possibility of non-use removal despite the trade mark being in active use.

Also in this edition, we welcome Ann Gabriel to our EPIT team, Mark Williams reviews the state of play on the patentability of computer implement inventions, Jon Wright examines extensions of time and Leon Wong takes a look at some cricket inspired inventions.



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POF welcomes new addition to the EPIT team, Ann Gabriel

We would like to extend a warm welcome to our newest Trainee Patent Attorney, Ann Gabriel. Ann joined our Electronics, Physics and IT team, bringing with her expertise in ICT and software, litigation, physics, electrical engineering and IP research.

Ann holds a Masters in Telecommunications Engineering and a Bachelor of Technology in Electronics and Communication Engineering. Prior to joining POF, Ann worked as an in-house Patent Engineer at R&D firms in Singapore, as a Research Associate in technology consulting in Sydney, and at litigation support firms in India.

Ann's specialities include image processing, industrial automation, surveillance, neural networks and user interface technologies.

Ann's attention was drawn to intellectual property because of its dynamic and interesting crossover between science and technology,

law and business. She is involved in patent filing and prosecution for international clients while working towards becoming a registered Patent and Trade Marks Attorney in Australia and New Zealand.



Crema-free coffee patent grinds to a stop



A recent opposition decision of the Australian Patent Office¹ focused on the level of disclosure which is required in a patent specification to properly enable and support the claimed invention.

This decision illustrates the importance of providing an enabling disclosure across the full width of the claimed invention and, where possible, providing a principle of general application which can lead a skilled addressee to perform the invention and achieve the desired result.

The invention

The patent application concerned a single-serve coffee capsule designed to produce coffee without 'crema', the coffee-coloured foam which is commonly formed atop an espresso shot. The claims of the application recited a coffee capsule featuring an internal textile fabric having prescribed ranges of weight and air-permeability. Ranges of the coffee mass in the capsule and coffee grind size were also recited.

The specification referred to numerous parameters including coffee grind and roast, brewing temperature, cut-off size, filter density and flow-rate which worked together to determine the formation of crema, or lack thereof. As examples, the specification included twelve test results comparing various combinations of parameters and noting the resulting taste and crema (if any).

The opposition

The Opponent was unsuccessful on a number of grounds including novelty, inventive step, clarity and utility with the Delegate finding that the specification satisfied each of these requirements.

However, the opposition was ultimately successful on the grounds that the claims lacked support and that the specification lacked a clear enough and complete enough disclosure of the claimed invention.

Clear and complete enough disclosure

Section 40(2)(a) of the Australian Patents Act requires the invention to be disclosed in a manner which is clear enough and complete enough to be performed (without undue burden) by a person skilled in the relevant art.

The Opponent successfully argued that the specification did not provide clear guidance on which combinations of parameters would produce crema-free coffee. The Delegate agreed that the twelve examples (only half of which prevented crema) did not clearly disclose a principle of general application which would allow a skilled addressee to select an effective combination of parameters. It was found that more than routine experimentation would be required and therefore an undue burden would be placed on the skilled addressee.

Support

Section 40(3) of the Australian Patents Act requires that the claims be properly supported by

the subject matter disclosed in the specification. This provision prevents a patentee from obtaining broader protection than is justified by their technical contribution to the art.

Given the finding that the specification lacked a principle of general application to obtain crema-free coffee and noting that only six of the twelve examples prevented crema from forming, the Delegate concluded that the Applicant's contribution to the art was limited to these six examples.


Claim 1 recited a capsule "for producing a crema-free coffee beverage" which was construed as omitting any capsule that would produce crema. However, the claimed parameters included combinations that would not produce crema-free coffee and the scope of the claim was therefore found to extend beyond the contribution to the art.

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The patent concerned a single-serve coffee capsule designed to produce coffee without 'crema', the foam atop an espresso shot.



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¹ *Stephen Anderson v K-Fee System GmbH* [2018] APO 56

A possible ceasefire in IP Australia's war on the patentability of computer implemented inventions?

Almost three years ago, the Full Federal Court of Australia handed down judgment in a very notable case¹. At the time, it was hoped that this judgment might provide patent applicants with certainty around the application of the law of Manner of Manufacture (i.e. patentable subject matter) as it relates to computer implemented inventions in Australia.

In the time since, uncertainty has increased, with the Australian Patent Office attempting to interpret RPL Central to provide a one size fits all approach to the issue for its Examiners – resulting in a slew of abandonments, divisional applications and Patent Office hearings.

IP Australia's changes

The RPL Central judgment made obiter mention of the approach taken in other jurisdictions, noting that in the United Kingdom a 4-step test, known as the 'Aerotel' test, was used. In mid-2017, the Australian Patent Office updated their manual of practice and procedure to indicate that the 'Aerotel' approach

was appropriate in determining eligibility of computer implemented inventions under Australian law.

As a result of this change of practice, a number of Australian Patent Office decisions were issued citing the 'Aerotel' test to reject

commonplace requirements", "the claimed invention is nothing more than well-known computing features at the time of the priority date", or even situations where examination is not carried out and the opinion on Patentable Subject Matter is reserved until the actual contribution over the prior art in the claim is determined.

As a result of the above changes in practice, there have been over 40 Australian Patent Office decisions in relation to Manner of Manufacture – exclusively related to computer implemented inventions in the last 24 months. This is not to mention the number of cases which have been abandoned (where the applicant did not want to go through with the expense of a hearing) and/or cases that are the subject of one or more divisional applications which were filed to keep the application alive and argue the patentability point further.

The case of *Encompass Corporation Pty Ltd v InfoTrack Pty Ltd*

Five cases are presently before the Courts, which are ultimately appeals from Australian Patent Office decisions relating to Manner of Manufacture. Of particular note is *Encompass Corporation Pty Ltd v InfoTrack Pty Ltd* (Encompass), which is an appeal from a Federal Court infringement matter where at first instance, two innovation

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What is interesting about Encompass is that five judges will appear in the appeal, when typically there are only three judges.

computer implemented inventions.

Deviating from RPL Central

In the last 12 months or so, the Australian Patent Office has further deviated from RPL Central in that it is now considering prior art when making a determination of whether the subject matter of an application is patentable or not. Applicants for computer implemented inventions are now seeing examination reports issue where "the features mentioned [in the claim] are considered

¹ *Commissioner of Patents v RPL Central Pty Ltd* (2015) FCAFC 177 (RPL Central).



patents were found novel and to involve an innovative step, but lacking manner of manufacture. The Encompass judgement at first instance, to some extent, relied on the prior art to come to a view of patentability of the subject matter. What is interesting about Encompass is that five judges will appear in the appeal. Typically there are only three judges. This is significant as it means that the judgment in Encompass could usurp the judgment in RPL Central. In a further development, both IP Australia and the Institute of Patent and Trademark Attorneys (the peak body representing patent

attorneys) have sought leave to intervene in the proceedings – likely around the approach to the Manner of Manufacture test.

A change in law?

In light of the above, the outcome of this case may result in a change in the application of the law as it relates to Manner of Manufacture, and therefore the practice at the Australian Patent Office, or uphold the judgment in RPL Central. One option available is for applicants to consider delaying examination of computer implemented inventions where possible until the issue is settled. However, an appropriate

strategy to address Manner of Manufacture objections needs to be established on a case-by-case basis. We hope to have a judgment by mid-2019.



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Grey goods are generally sold at a discounted price, or may be of a different standard from goods intended for the Australian market.

Legislative amendment casts grey shadow over imports

Parallel imports, also called grey imports, are genuine goods imported into Australia by someone other than the trade mark owner or an authorised licensee.

Grey goods are generally sold at a discounted price, or may be of a different standard or quality from goods intended by the trade mark owner for the Australian market.

In August 2018, s123 of the *Trade Marks Act 1995* was replaced with a new section, s122A. This amendment favours parallel importers in Australia, which may cause brand owners to reassess their commercial strategies.

Until recently, s123 of the *Trade Marks Act 1995* provided a defence to parties, including importers, using a trade mark to sell or import goods where the trade mark had been applied *with the consent of the trade mark owner*. What was meant by the 'consent' of the registered trade mark owner had been the subject of court action in

Australia, with previous decisions applying the defence narrowly.

On 24 August 2018, s123(1) was repealed and replaced with a new section, 122A. It provides a limited defence to parallel importers who make "reasonable inquiries" in relation to the trade mark before the time of use.

If, after making these inquiries, a reasonable person would have concluded that the trade mark had been applied to the goods with the consent of:

- > the trade mark owner;
- > one of its authorised users;
- > someone with significant influence over the use of the trade mark; or
- > an associated entity of one of these people

then the importation and sale of those goods into Australia will not infringe the relevant trade mark rights in Australia.

In the past, trade mark owners have been able to preclude parallel importers from relying on the section 123(1) provisions by assigning the registered

mark to their local licensee, distributor or subsidiary. Such arrangements will no longer overcome the new defence.

The changes also remove the burden on parallel importers to prove that the registered owner actually applied or consented to the application of the trade mark to the goods. The importer now only has to show that *it was reasonable to assume so*.

These recent changes are clearly in favour of parallel importers. However, brand owners may still be able to take action against a parallel importer if the products present a risk to public health and safety, or do not comply with Australian labelling requirements. POF can also advise you on how to implement the right distribution and license agreements to keep a tight rein on your global supply chain.



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1 In *Paul's Retail Pty Ltd v Lonsdale Australia Limited* [2012] FCAFC 130 (11 September 2012) *Paul's* was found to have infringed by selling genuine products obtained from suppliers who were not permitted to supply these products for sale in Australia. (the licence to manufacture was limited to a particular territory not including Australia)



Licensing lessons from Trident Foods

The recent Federal Court decision¹ surrounding Trident Foods Pty Ltd sends a warning to trade mark owners to exercise actual control over licensees or risk a messy non-use battle.

The decision involved two appeals, one against a refusal to remove one of Trident Foods' (TF) mark TRIDENT from the Register for non-use. The Registrar's Delegate had found there was no use of the mark, but exercised the discretion under s.101 of the *Trade Marks Act* (1995) (Cth) to retain the registration.

To defeat a non-use removal application, a trade mark owner must establish use of the mark, or that it authorised its use, during the non-use period. Section 8 of the Act provides that an authorised user must use the mark in relation to the goods *under the control* of the owner. It provides examples where control will be satisfied including where the owner exercises:

- > **quality control** over the goods in relation to which mark is used, or
- > **financial control** over the party using the mark.

Financial control is generally exercised where a trade mark owner is the parent company and its subsidiary the licensee.

In *Trident*, TF could not establish use of the mark during the non-use period but argued that it had authorised its use, within

the meaning of s.8, by its parent company, Manassen Foods Australia Pty Ltd (Manassen). Manassen had sold Trident branded goods in Australia since 2000. TF argued the requisite control was exercised citing: the companies' common directors; their common ultimate holding company; Manassen's compliance with the ultimate holding company's quality control manual; an argument that it was common for separate entities such as wholly owned subsidiaries to own IP; and the fact that there was an unwritten licence agreement in place which was formalised in 2017.

Referring to *Lodestar Anstalt v Campari America LLC* [2016] FCAFC 92, Gleeson J held that "authorised use involves use under the 'actual' control of the trade mark owner. There must be control 'as a matter of substance' although connection with the registered owner indicated by the trade mark may be slight."

Neither the corporate relationship of the companies, their common offices, nor the fact the companies had common directors resulted in the requisite exercise of control, the Court found. Further, while there had been assertions of actual control, there was no evidence

to support this. The Court did not accept that a trade mark notice demonstrated the requisite control or that there was an unwritten licence agreement in place. TF therefore failed to establish that Manassen was an authorised user, and the Court found there had been no use of the mark. Fortunately, for TF the Court exercised the discretion to retain its TRIDENT registration.

It is not unusual for a holding company or a wholly owned subsidiary to own trade marks and then licence the use of the mark to another entity. Often taxation and asset protection considerations dictate these types of arrangements. However, following this decision trade mark owners should revisit their licensing arrangements to ensure a licensee's use is an 'authorised use' and to avoid non-use issues in the future.

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To defeat a non-use removal application, a trade mark owner must establish use of the mark, or that it authorised its use, during the non-use period.”



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¹ *Trident Seafoods Corporation v Trident Foods Pty Ltd* (2018) FCA 1490

Patenting antibodies in Australia

The paradox of specificity

In 2017, four of the world's top five earning pharmaceutical products were antibodies.

Antibodies have become big business, and as the first generation of antibody patents begin to expire and the technologies for producing antibodies evolve, a new wave of patent applications are being filed.

At the same time patent systems are still trying to find the appropriate scope when granting claims to antibodies.

What are antibodies?

Antibodies are proteins that constitute part of our immune system. They are produced by a subset of white blood cells and can bind to foreign-molecules known as antigens. The specific part of the antigen that an antibody binds to is known as an epitope.

Once bound to the epitope of an antigen, antibodies can have a range of functions, including inducing death of a cell expressing the antigen, or altering the function of the molecule that the antibody is bound to. As such, antibodies make excellent candidates for treating cancer or regulating disease pathways (amongst many other applications). Further, technology allows for antibodies to be generated against a vast array of antigenic targets.

The combination of the diversity of antibodies, the specificity of antibodies for their targets and the different effector functions of antibodies has made them an extremely useful - and hence valuable - tool for research and medicine.

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Antibodies are an extremely useful - and hence valuable - tool for research and medicine.

Claims to antibodies

An antibody includes six short strands of amino acids, called the complementarity determining regions (CDRs). These provide the specificity for the antibody and determine which epitope the antibody will bind to. As such, antibodies can be claimed by their specificity, or by the sequence of their six CDRs.

Claiming by specificity

The identification of a unique target (antigen or epitope) can allow for claiming any antibody that binds to this target. Typically, this type of claim would take the form of 'An antibody which binds

specifically to antigen/epitope X'.

In Australia (as long as the antibodies are considered novel and inventive), these claims are considered to apply a 'principle of general application', and are therefore considered to be enabled across their scope.

However, as the field has evolved it has become more difficult to establish the novelty and inventiveness of claims having this format.

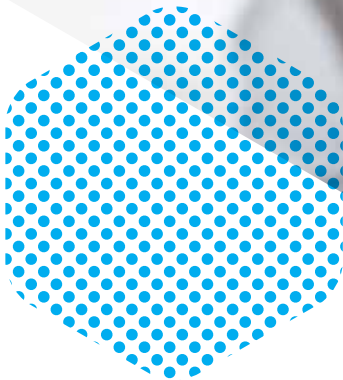
Claiming by sequence

If an antibody is generated to a known or non-inventive target, then the antibody typically cannot be claimed by way of its specificity to the target. Rather, the antibody can be sequenced to identify the six CDRs that determine its specificity. Then a claim can be directed to an antibody having these exact six CDRs on the basis that any antibody having these CDR sequences is expected to have the same specificity.

However, almost all proteins have a degree of degeneracy. Degeneracy occurs when specific amino acids that make up the protein can be substituted with other 'similar' amino acids while still achieving the same overall function. Consequently, a patent claim to an exact amino acid sequence, often allows for a skilled person to work their way around the claim by substituting one or more amino acids in the sequence. As such, claims are often prepared which specify a degree of similarity to a particular sequence, for example 80%.

Claims directed to a specified degree of sequence identity were

¹ *Evolva SA [2017] APO 57 - "Evolva"*



the subject of a 2017 Australian Patent Office Decision, *Evolva SA*.¹ In this case the Patent Office concluded that claims to an enzyme (notably not an antibody) having at least 80% identity to a specified amino acid sequence, were sufficiently enabled by the specification.

The paradox of specificity

One might expect that the conclusions of *Evolva SA* would apply to antibodies; however because changes to CDR sequences can significantly and unpredictably affect the specificity of an antibody, the position of the Australian Patent Office with respect to antibodies is different. Raising antibodies to


a new epitope is a principle that can be generally applied over the scope of a claim to an antibody that binds specifically to that epitope. However, a claim to a subset of antibodies having a percentage sequence identity to specified CDR sequences and a defined affinity will require assessment of each antibody to confirm the required affinity and the required degree of sequence identity. This work is more involved and time consuming than that required to raise antibodies to a specific epitope and as such, despite being narrower in scope, performing the invention over the whole scope of the claim is considered to represent an undue burden, by the Australian patent office.

Consequently, when prosecuting antibody patents in Australia, one must be careful to appreciate that more specific antibody claims may actually be harder to prosecute, despite being narrower.



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Pitching a winner: inventions in the wide world of cricket

It's summer in Australia, which means lots of cricket. In its early days, a cricket bat was more like a hockey stick, bowling was done underarm, and there were only two stumps instead of three used nowadays. Needless to say that a number of inventions, some patented and some not, have found their way onto the cricket pitch or into our homes. Here is a selection of a few favourites:

Cricket bats

GB 1,391,120 and related US patent 4,186,923 are directed towards a cricket bat with a 'scoop' cut from the back of the blade. The 'scoop' bat was alleged to have a larger 'sweet spot' compared with a conventional bat due to a redistribution of mass away from the centre of the blade.

This bat was first used in an international match by Ian Chappell in the 1974-1975 Ashes series in Australia. Brian Lara also used one to post a 375 run score against England in 1994, which was a record at the time, and most likely cemented the bat's iconic status amongst cricketers and fans alike. It is rarely seen in the modern game, as while the sweet spot may be bigger, it also means a loss of power compared to a conventional bat.

WO 2009/144491 describes another interesting variation on the bat. With a longer-than-normal handle, the 'Mongoose bat' supposedly provides a bigger and deeper sweet spot by means of redistributing the weight to the lower half of the bat. Also, as there is less surface area where

the shoulder of the blade would be (compared with a conventional bat), there is less chance of nicking a ball through to the slips.

Matthew Hayden was the main proponent of this bat and once used it to hit 93 runs off 43 balls in an Indian Premier League match in 2010. However, the bat didn't establish itself on the international stage, and when Hayden retired so did apparent interest in this bat. One alleged drawback of this bat was that for defensive shots the ball was prone to being hit in the air, constituting a catching hazard.

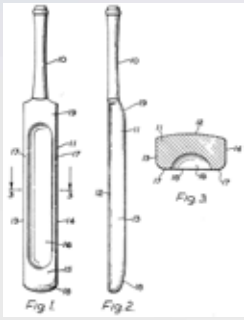
Umpiring

A number of inventions have made their way to our television screens, related to the decision-making process for umpires and fans alike.

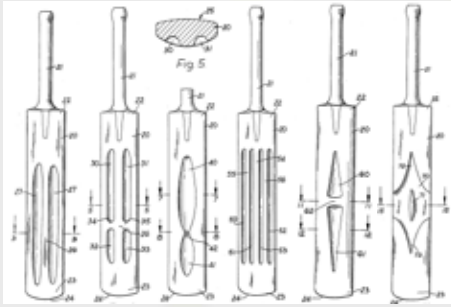
GB 2,358,755 A is a patent affectionately referred to as a 'snicko'. This invention provides simultaneous frame-by-frame analysis of the batter, as they connect with the ball. The audio signal, converted to a waveform, greatly assists in determining the order and nature of the contact

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The 'Mongoose bat' supposedly provides a bigger and deeper sweet spot by means of redistributing the weight to the lower half of the bat.



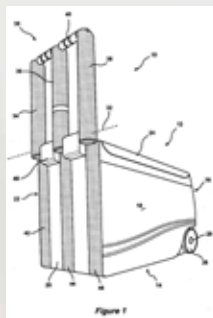
GB 1,391,120



US 4,186,923



WO 2009/144491



AU 2008318301

event, which would otherwise be very difficult even by use of a slow-motion camera let alone in real time by an umpire.

GB 2,357,207 A was a patent application filed for 'Hawk-eye'. The application was subsequently withdrawn and the technology is now being used throughout the world for a number of different sports such as tennis, soccer, rugby union, and even horse racing (to track the movements of a rider's whip). Hawk-eye was first used in cricket in 2002, and works by tracking a ball in flight with a number of high-speed cameras spaced around the ground at various angles and heights. The combined data from all cameras is used to map and predict the flight of the ball both before and after it bounces, thus helping to determine if a batter's pads would have obstructed the stumps for leg-before-wicket decisions. The technology is said to be accurate to within 3.6 mm, so the final decision on whether the ball would have hit the stumps or not should still be made by a human umpire.

Backyard cricket

Finally for the fans and backyard cricketers amongst us, AU 2008318301 is for a 'Container and sporting equipment assembly', namely, an esky or cooler that has an inbuilt set of stumps with bails. The 'Cricket Cooler' can be wheeled around to a beach or park to hold the all-important beverages of choice, and then used for a game of backyard cricket.

My personal favourite, the 'Swing King', is a cricket ball designed to maximise the difference in air speed on either side of the seam as it flies through the air, due to being made from half a tennis ball and half a cricket ball. The significant difference in air speed of the two sides allows the ball to swing towards the side with lower air speed. Australian provisional application No. 1995900412, entitled 'The Swing King cricket ball', seems to be directed towards such a product, but it appears that a complete specification was never filed, and there are now many different versions on the market.



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Missed an Australian patent deadline? – “She’ll be right”

Despite the best efforts of patent applicants, patentees and their attorneys, deadlines for undertaking certain actions can sometimes be missed for one reason or another.

Fortuitously, Australian legislation is quite lenient when it comes to extensions of time, particularly where a deadline is missed due to a genuine error or omission. If a patent deadline in Australia has been missed as a result of an error or omission by the person concerned or by their agent or attorney, all is not lost, provided that prompt action is taken after a missed deadline is first identified.

Extensions of time

Australia's Patents Act includes provisions that allow for deadlines in respect of 'relevant acts' to be extended. These 'relevant acts' include the vast majority of time-sensitive actions prescribed by the Patents Act.

Generally speaking, the Commissioner of Patents must extend a deadline that was missed due to the error/omission of the Patent Office, or that was missed despite due care of the person concerned.

However, the Commissioner has discretion under section 223(2) of Australia's Patents Act to grant an extension of time where a deadline is missed due to:

- (a) an error or omission by the person concerned or by his or her agent or attorney; or
- (b) circumstances beyond the control of the person concerned.

It is in this 'error or omission' ground for an extension of time that Australia's leniency is evident. Typically, this discretion is exercised where it can be shown that a deadline was missed due to a genuine error or omission, prompt action is taken once the error/omission has been identified, and the circumstances of the error/omission are candidly explained to the Patent Office.

An error or omission

For the purposes of an extension of time, case law has established that an error/omission may be involved where something has affected the carrying out of a formed intention or something has affected the actual formation of an intention.

Such errors/omissions may encompass accidental slips, inadvertences and errors caused by faulty reflection, an unexpected failure to exercise due diligence

and/or a flaw in mental function in carrying out an intention, and a breakdown in procedure in effecting an intention. Importantly, though, in order for an extension of time to be granted, the error or omission must ultimately be the cause of the failure to perform the relevant act.

The September 2018 Patent Office decision of *Knauf Plasterboard Pty Ltd v CSR Building Products Limited*¹ confirms the breadth of Australia's extension of time provisions with respect to section 223(2)(a) of Australia's Patents Act.

The decision concerns a request made by Knauf for an extension of time to oppose the grant of a patent application owned by CSR. Australia's Patents Act provides

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Fortuitously,
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of time.
”**

that such an opposition must be filed within three months of the application being advertised as accepted, which in this particular case, was 5 July 2018.

On 12 July 2018, Knauf filed a notice of opposition to grant of the accepted CSR patent application, together with a covering letter indicating that the notice was a replacement of a notice of opposition that had been filed on 5 July 2018. Knauf's attorney of record filed an application for an extension of time under section 223(2)(a) the following day, accompanied by a first declaration in support of the extension, which erroneously suggested that the error resulted from a typographical error in the application number being listed on the original notice of opposition. However, after a telephone conversation between

Knauf's attorney and the Patent Office, it became apparent that the original notice of opposition had not been filed with the Patent Office at all. To address this, Knauf's attorney filed a second declaration on 19 July 2018 explaining that the error was in fact caused by a loss of paperwork that occurred during a move of Knauf's attorney firm from one office to another.

The parties were advised of the Commissioner's intention to grant the extension of time on 19 July 2018, and both parties were given the opportunity to present their respective arguments by way of written submissions.

The Delegate of the Commissioner assessed the evidence presented by both parties and took into consideration the following factors:


- > Whether the Commissioner is satisfied that a proper case has been made out justifying an extension.
- > Whether a serious opposition has been foreshadowed.
- > Whether there has been undue delay in seeking an extension of time.
- > The interests of the parties in refusing or granting an extension.
- > The public interest.

The Delegate accepted that on the balance of probabilities, while the specific details surrounding the failure to file a notice of opposition within the prescribed period were not entirely clear, there was a clear intention on the part of Knauf's attorney to oppose the accepted patent application. It was this failure to do the relevant act that constituted an error or omission that fell within the scope of section 223(2)(a), and justified the extension of time.



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¹ *Knauf Plasterboard Pty Ltd v CSR Building Products Limited* [2018] APO 64

Thumbs up or thumbs down, or when discretion is the better part of valour

Caesarstone Ltd v Ceramische¹ was a decision of the Federal Court in relation to two opposed trade mark applications, and an existing registration for CAESARSTONE word and device marks. The result came down to the exercise of the court's discretion where a conflicting prior registration was present. The court applied its discretion to allow the registration of the CAESARSTONE word mark in relation to goods (the opposed application) and services (the existing application) on the basis of Caesarstone's extensive use.

Caesarstone is an Israeli company which manufactures and sells 'engineered quartz surfaces' (quartz in a polymer matrix) used in a variety of products, for example kitchen benchtops. In 2007 it registered CAESARSTONE for services in class 35 (including wholesaling and retailing) and 37 (including installation and maintenance). It had been selling goods in Australia since 1998.

In 2005 Caesarstone applied to register the word trade mark CAESARSTONE for goods in class 19 (including panels for floors and wall claddings), and in 2007 it applied to register a CAESARSTONE device mark for goods in class 19 and 20, and goods and services in class 35 and 37. The two applications had been successfully opposed before the Trade Marks Office by Ceramische Caesar (Ceramische), an Italian

company which manufactures and sells ceramic tiles, and those office decisions were the subject of the Federal Court proceedings. Ceramische also applied to cancel the existing registration.

Ceramische has a registration for a device mark which was registered in 2004 for class 19 goods, ceramic tiles for indoor and outdoor use.

•CÆSAR•

It had been selling CAESAR branded tiles in Australia since 1988. The main focus of the case was the word mark application in class 19. The court found that the opponent's CAESAR device mark was deceptively similar to CAESARSTONE, and registered in relation to goods (tiles) that were of the same description as those of the application (panels for floors). The Caesar device registration was

therefore a relevant conflicting mark. However, both parties had used their respective marks, and the consequences of that use were then assessed.

First, the court determined that Caesarstone had used its mark continuously since before the priority date of the Caesar device mark. However, the court then determined that Ceramische had used the Caesar device mark continuously since before the time Caesarstone first used its mark. Despite this, the court was prepared to allow the application to proceed on the basis of Caesarstone's honest concurrent use, pursuant to s.44 (3) (a). This section provides the Registrar or the court with discretion to accept an application where there has been honest concurrent use of the trade mark of the application (CAESARSTONE) and the prior registered mark (CAESAR device).

¹ *Caesarstone Ltd v Ceramische Caesar S.p.A. (No.2) [2018] FCA 1096*



“
Caesarstone is an Israeli company which manufactures and sells ‘engineered quartz surfaces’ (quartz in a polymer matrix).”

In applying the discretion, the court looked at the relevant factors of:

- > honesty of the use
- > extent of use
- > degree of confusion likely
- > whether any instances of confusion had been proved
- > relative inconvenience to the parties.

The court accepted that the use was honest and had been significant. The court also held that although there had not been any instances of confusion proved, there was a high degree of confusion likely, particularly in relation to the possible use of Caesarstone products as floor coverings, akin to large tiles. With regards to the relative inconvenience, the court noted that registration of the CAESARSTONE mark would dilute the distinctiveness of the CAESAR device mark for floor and

walling goods, but there would be considerable inconvenience to Caesarstone if no effect were given to the fact that there had been extensive use of the Caesarstone mark in Australia over many years. Ultimately, this extensive use appears to have been the critical factor. While there was evidence of extensive use of the CAESARSTONE word mark, there had not been such use of the CAESARSTONE device mark, and so there was no question of honest concurrent use. The court held that the mark was not significantly different to the CAESAR device mark and so was not registerable. With regards to the CAESARSTONE word mark registration for class 35 and 37 services, the court held that there would have been grounds to oppose the application, and so prima facie the requirements for cancellation were met.

However, while this was not a case of honest, concurrent use, the court did have discretion not to cancel the registration. Although the Act prescribes factors the court is to take into account in exercising its discretion, it is also to take into account “any other matter it considers relevant”. As a result, both were to be registered.



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Social responsibility in action: A recap of 2018



As we near the end of 2018, now is a good time to reflect on the year that has been and look at our contributions that go beyond the scope of IP.

We are proud to have played a role in numerous fundraising and volunteer efforts across 2018, and to have supported many great causes that make a positive contribution to the community. Below are the key highlights that our firm came together to support:

Daffodil Day

Daffodil Day provides each of us the opportunity to work toward a future that is free of cancer, with all funds raised through Daffodil Day going to cancer research, prevention, support services and advocacy. POF employees generously volunteered their time to support Daffodil Day, operating a fundraising stall in Melbourne's CBD.

Loud Shirt Day

Loud Shirt Day spreads the message that deaf children can learn to listen and speak through early intervention. Staff members wore their most colourful shirts to the office to raise funds, and POF's own Peter Coath also gave an interactive session on Auslan, introducing staff members to the basics of sign language.

R U OK? Day

As employers or staff, we can all create a culture where people feel confident asking and answering this simple yet important question. POF hosted a lunch time seminar for R U OK? Day, as part of an ongoing campaign to demonstrate that these conversations can make a real difference to staff going through a tough time.

International Women's Day

POF held a fundraising morning tea to celebrate the social, economic, cultural and political achievements of women. We also released an electronic booklet to showcase women in IP from around the world.

Individuals at POF have also made a number of contributions to the wider community. We would like to take a moment to showcase some of the most notable efforts from this year:

> POF Partner **Rodney Cruise** was recently nominated for the "Victorian LGBTI Person of the Year award" for the 2018 GLOBE Community Awards, recognising excellence in Victoria's LGBTI+ community.

- > POF Partners **Malcolm Bell** and **Ross McFarlane** participated in the United Energy Around the Bay bike ride, a 210km ride around Melbourne's Port Phillip Bay.
- > POF Partners **Andrew Massie** and **Russell Waters**, along with Patent and Trademark Attorney **Peter Wassouf** and Trainee Patent Attorney **James Burnley**, have raised funds and awareness for Movember – a leading charity that encourages men to grow a moustache in order to bring awareness to men's health issues.

Thank you!

A big thank you to all of the POF Partners and staff for their contributions to these and our many other causes in 2018. We look forward to continuing these efforts into 2019.



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