

# Inspire



phillips ormonde fitzpatrick  
intellectual property

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# Welcome

## To quote Mike Tyson “everyone has a plan until they get punched in the mouth”.

While careful planning is often important, as recent events amply illustrate, sometimes it is equally important to be able to adapt plans to changing circumstances.

As David Longmuir reports, brewer *Urban Alley's* trade mark infringement claim turned into a battle to save their URBAN ALE registration. Unfortunately for the beer maker, their mark was found to be lacking capacity to distinguish its goods from those of other traders. The decision again highlights the downside of a plan to build brand recognition around a mark having descriptive elements.

For fence maker *Oxworks*, its plan to circumvent the claims of competitor *Gram's* patent were unsuccessful, with the Full Federal Court upholding the trial Judge's decision that its product was an infringement despite being made by a significantly different process to that described in the patent. However, as Duncan Joiner discusses, the fact that *Oxworks'* had a reasonably arguable defence to the infringement allegation was enough for the appeal court to overturn the finding that *Gram* should be awarded additional damages.

Anita Brown tells the tale of Australian burger business *Down N' Out*, whose defence to trade mark infringement allegations involved a denial that it planned to trade off the reputation of US burger chain *In-N-Out*. The court however took a different view of the evidence and found that the Australian enterprise had overstepped the line between inspiration and appropriation.

Also in this edition of *Inspire*, Annabella Newton examines the importance of directors being aware of their company's IP assets, Melissa Wingard explains why terms and conditions might be boring but can be important, Danielle Burns gives an update on the allowability of amendments, and Matthew Ford reviews WIPO's plans for AI related inventions.



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## Driving Australian innovation with effective intellectual property governance

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IP is an important  
strategic tool  
and can form a  
significant body  
of undervalued  
assets in a company  
balance sheet.

### Innovation and intellectual property are important considerations for company directors but too often only feature on the boardroom agenda when reviewing costs and auditing risk.

Australia's innovation performance in recent years has not been stellar, having fallen in the Global Innovation Index from 17th place in 2015 to 22nd place in 2019. This is despite the Federal Government's National Innovation and Science Agenda which launched in 2015.

A recent study by the Australian Institute of Company Directors (AICD) and the University of Sydney looked into the boardroom gap on innovation in Australia<sup>1</sup>. The study, based on AICD member surveys and interviews, found that although Australian directors generally recognise the importance of innovation, not enough is currently done to prioritise it. There is often a low level of innovation and digital literacy amongst Australian directors, as well as a lack of international experience when compared with their overseas counterparts.

Only 3% of those surveyed have science and technology expertise. The study also found that innovation performance was most successful in companies with strong collaboration between board and management. Particularly, organisations which have a clear innovation strategy and regularly feature innovation on their board agendas are more likely to realise their innovation objectives.

IP often forms an essential part of an organisation's innovation efforts. IP is an important strategic tool and can form a significant body of undervalued intangible assets in a company balance sheet. High quality IP assets, usually key intangibles such as data, brands and technology, have high earnings potential and can be protected using registered and unregistered IP rights such as patents, trade marks, designs and copyright. One study has suggested that improperly valued IP could represent as much as \$550 billion in uncaptured value in the balance sheets of ASX100 companies. Indeed, many directors are unfamiliar with their organisation's essential IP and its commercial strength, risk and value.

It is vital for directors to receive information relating to the organisation's IP assets in order for them to fulfil their duty to act

in the best interest of the company. It is also important to establish structures which allow IP to be identified, captured, and exploited. Where there is a knowledge gap among directors, the risks and opportunities which IP assets offer are not well understood. This creates the risk that these companies and their IP will be undervalued.

Good IP management is often a vital factor for effective innovation strategy. Therefore, organisations should ensure that IP features on board agendas regularly so that opportunities can be exploited, and risks mitigated. With committed IP governance, boards can help bridge the innovation gap and improve their organisation's competitive edge and market share. This is critical to the long-term success of the economy and will also lead to a welcome boost in Australia's innovation performance.



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## COVID-19: An update from Phillips Ormonde Fitzpatrick

During these unprecedented times we continue to monitor the situation closely.

I would like to provide you with a business update and share some of the things we are doing to ensure business continuity and to keep our staff safe.

- > IP Australia has introduced a new streamlined process for extension of time requests for Applicants impacted by COVID-19. The new extension of time has no official fees, and is available to extend most Patents, Trade Marks, and Designs deadlines for up to three months (excluding renewals). It requires the submission of a simplified request based on standard text made available by IP Australia.
- > From your perspective, it's business as usual for us. All parts of our organisation are fully operational.

- > All partners and staff are able to work remotely. Our digital enterprise management system enables us to carry out our business activities as if we were physically present in each of our offices.
- > All of our client-facing staff are able to hold client meetings and interact with the innovation community using video conferencing tools.
- > We are expanding flexible working arrangements for our staff.
- > All foreign and domestic business travel has been cancelled, and we have closed our client meeting rooms.

Our communities and countries are all coming together to fight this pandemic. Our team at Phillips Ormonde Fitzpatrick is part of your community and we are dedicated to playing our part in that fight during this unprecedented time.

### Key points:

- > **Phillips Ormonde Fitzpatrick is fully operational**
- > **IP Australia has introduced a new streamlined process for extension of time requests for Applicants impacted by COVID-19.**



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<sup>1</sup>[aicd.com.au/drivinginnovation](http://aicd.com.au/drivinginnovation), 2019



# Hardingham v RP Data: Always read the Terms and Conditions

Just mention the words “Terms and Conditions” and people’s eyes glaze over. In this day and age of online subscriptions, software licencing and social media platforms, terms and conditions are everywhere and more often than not, agreed to without ever being read.

However, the recent Federal Court decision in *Hardingham v RP Data Pty Ltd*<sup>1</sup> offers a timely reminder of the need for terms and conditions when providing services, particularly when those services result in the creation of intellectual property. Without those all-important terms and conditions, you may find that your rights are eroded.

Hardingham was a professional photographer and the sole director of Real Estate Marketing Australia Pty Ltd (REMA). REMA was commissioned by real estate agents to provide photographs and floor plans to facilitate the sale and lease of properties. Hardingham and REMA were aware that the images and floor plans were to be uploaded to realestate.com.au by the real estate agents for the purpose of selling or leasing properties – realestate.com.au being the most utilised platform by real estate agencies in Australia. As a result of uploading images to realestate.com.au, agents agreed to the terms and conditions outlined

by realestate.com.au, which included the right for realestate.com.au to “licence to other persons” any content provided by the real estate agents. In addition, the licence granted to realestate.com.au survived termination. Realestate.com.au used the licence granted under the terms and conditions to provide the photographs and floorplans to RP Data, for use on their website corelogic.com.au and as part of their RP Data Professional product offering.

Hardingham and REMA claimed that the use by RP Data of photographs and floor plans was an infringement of copyright. It was argued the images and floor plans were only intended to be used for the duration of the sale or lease campaign and that RP Data’s continued use of the images and floor plans after

the sale or lease was concluded was an infringement of copyright. The Judge found in favour of RP Data, noting that in the absence of written terms and conditions, there was an implied licence granted to the real estate agents by Hardingham and REMA which must have included the right to sublicense consistent with realestate.com.au’s terms and conditions. Key to this finding by the Court was that Hardingham and REMA were aware that the real estate agents were going to upload the images and floor plans to realestate.com.au and that in turn realestate.com.au was going to share the uploaded content with RP Data.

This case shows that there is significant value in spending time upfront considering the scope and usage of any intellectual property created as part of a services arrangement and having the permitted use sufficiently documented. Relying on the terms of an implied licence of copyright may result in your work being used more widely than anticipated for no additional financial compensation, and without the ability to later rely on a claim for infringement to control use.



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Relying on the terms of an implied licence of copyright may result in your work being used more widely than anticipated.”



“  
This draft paper signifies that WIPO is recognising the increasing impacts and importance of AI on our world.”

## WIPO Releases Draft Issues Paper on IP Policy for AI Inventions

On 13 December 2019, the World Intellectual Property Organization issued a draft paper on IP policy in relation to Artificial Intelligence. This draft paper is part of a public consultation process to help define IP policy around the ever-expanding field of AI. A copy of the draft paper can be accessed [here](#).

As part of this process, WIPO has sought feedback from stakeholders on the main issues to be considered in relation to IP policy around the use of AI and development of AI innovations. Some of the current IP issues identified by WIPO and discussed in the draft paper include:

- > Inventorship and ownership of patents and designs where AI tools have had significant input into the generation of the technology. This issue likely stems from the recent instance of computer systems being named as inventors on patent applications<sup>1</sup>
- > Patentable subject matter for AI inventions and the guidelines that should be adopted for assessing this.
- > Standards of inventive step in relation to AI inventions, such as what constitutes prior art and who is the relevant person skilled in the art.

- > The level of disclosure required to obtain a valid patent around AI where the underlying algorithm may change over time.
- > Patent incentives for AI generated inventions.
- > The use of “Deep Fakes” and whether these should be outlawed.
- > Whether new types of IP rights should be considered to protect the vast quantities of data generated by modern computer systems and devices.
- > Whether IP policy can be used to contain a widening technology gap in AI capacity across different countries.

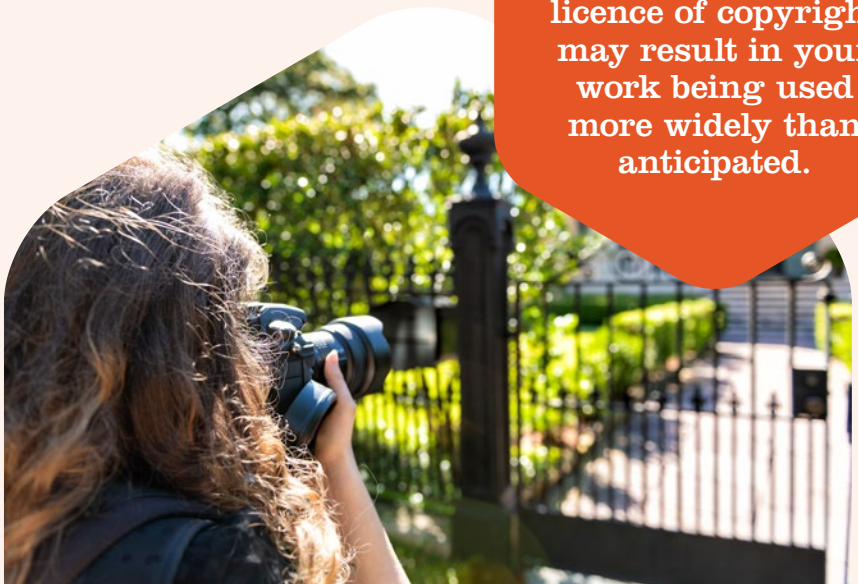
Comments on the IP issues that WIPO should consider were due by 14 February 2020. Following this, a revised paper will be published for further consideration by WIPO and the general public. If nothing else, this draft paper signifies that WIPO is recognising the increasing impacts and importance of AI on our world, particularly around the stimulation

and facilitation of innovation – a primary role of the IP system. This provided a good opportunity for stakeholders to have their say on how IP policy around AI will be shaped in the future. The team at POF are keeping a close eye on the developments in IP policy and will report further once the revised paper has issued. You may also be interested in WIPO’s recent publication entitled “WIPO Technology Trends 2019: Artificial Intelligence” available [here](#). This publication discusses trends in AI innovation, possible future growth markets and consideration of IP policy to facilitate innovation in AI.



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<sup>1</sup> On 25 November 2019 the [European Patent Office \(EPO\)](#) refused two patent applications on the grounds that they do not meet the requirement of the EPC that the inventor is a human being, not a machine.





# Formed, not flagrant – Additional damages and how they're awarded

A recent appeal in *Oxworks Trading Pty Ltd v Gram Engineering Pty Ltd*<sup>1</sup> was a partial success for Appellant Oxworks with the Full Federal Court upholding a finding of patent infringement but overturning an award of additional damages for the Patentee, Gram. The Full Court clarified that additional damages are not appropriate where the infringer held a reasonable view that their actions did not infringe.

## The Primary Decision

At first instance Oxworks was found to have infringed Australian patent 2004291566 ("the Gram patent") which related to a fence plinth. Claim 1 of the Gram patent recited:

*A fence plinth formed from sheet material having spaced apart end edge margins and being profiled to incorporate stiffening formations that extend along the sheet between the end edge margins.*

Gram alleged that Oxworks' product ("the Oxworks plinth") infringed the Gram patent because it included each feature recited in Claim 1. Infringement turned on whether the Oxworks plinth was "formed from sheet material", as required by Claim 1 of the Gram patent. Oxworks argued that claim 1 required a plinth produced from a starting point of a sheet material. The Oxworks plinth was produced by extrusion and it was argued that the material in its plinth was therefore not in sheet form before, during or after the extrusion process.

The primary Judge noted that the patent claim defined a product rather than a process or activity such as profiling or shaping. Consequentially, the primary Judge did not accept that "formed from" required that the plinth start as a flat sheet or

a flat material. It was found that the Oxworks plinth infringed the Gram patent, despite being produced by an extrusion process.

The primary Judge went on to consider an application by Gram for additional damages. S 122(1A) of the Australian Patents Act allows for additional damages to be awarded against patent infringers where a Court considers it appropriate to do so. For example, in instances of flagrant infringement or where a deterrent against future infringement is desirable. In this consideration, it was noted that:

- > Oxworks had not disputed the validity of the Patent.
- > Oxworks had purchased Gram's own steel plinth and other fencing products in considerable quantities, and had been twice provided with advertising material including Gram's plinth brochure.
- > Oxworks' copying was 'Slavish'. Although the Oxworks plinth was not of the same thickness and was made by an extrusion process, it was copied in shape and dimensions obtained from the Patentee's website.
- > Oxworks had continued to sell the infringing plinth after receiving a cease and desist letter and there was no evidence that Oxworks

*obtained legal advice as to the infringement alleged in the letter.*

These aggravating factors were found to justify an award for additional damages.

## The Appeal

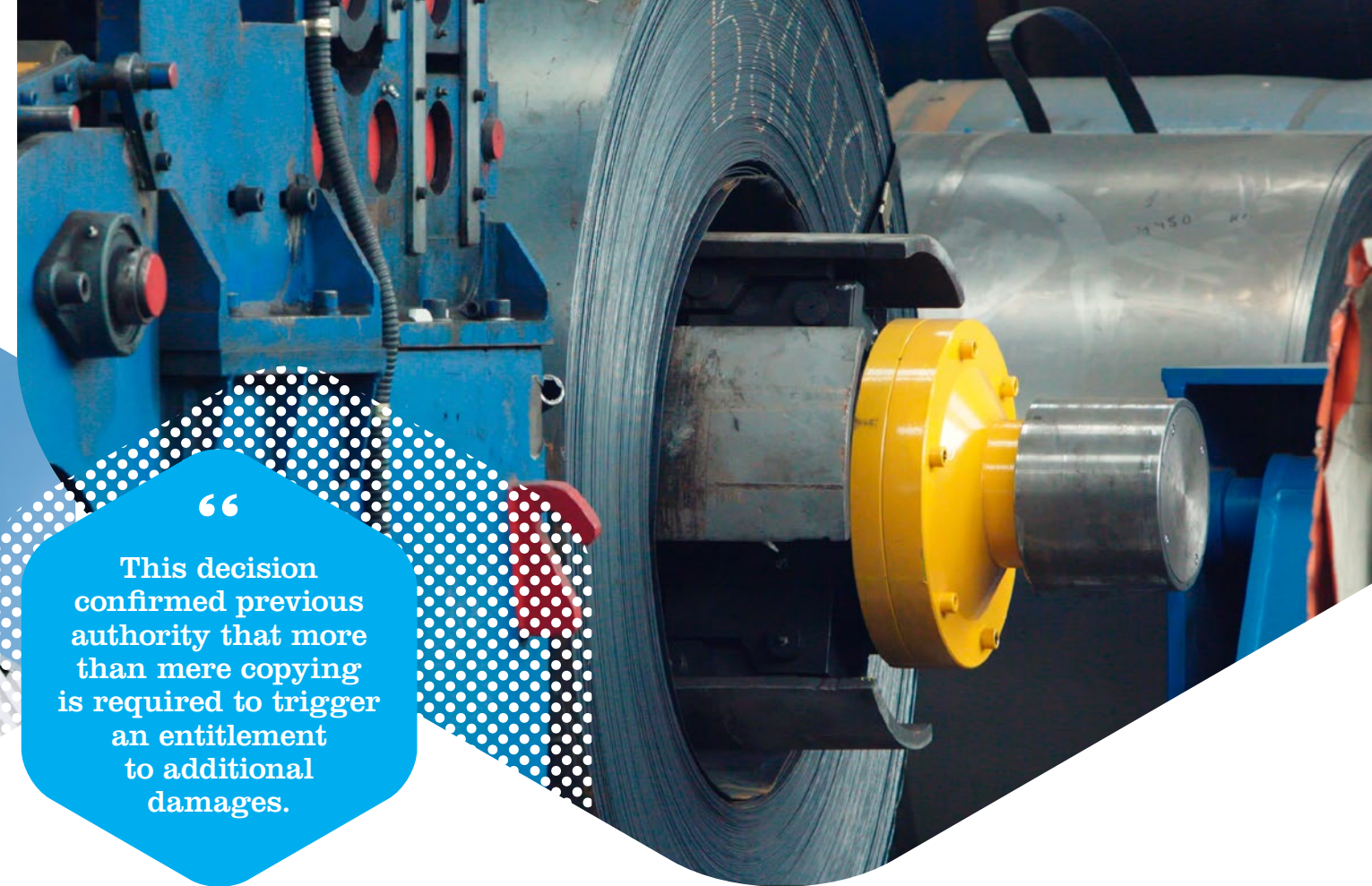
On appeal, Oxworks contended that the primary Judge had erred in respect of:

- 1) construing the claims of the Patent by failing to have proper regard to the language used in the claim and failing to construe the claim in the context of the specification as a whole;
- 2) finding infringement of the Patent; and
- 3) awarding additional damages in favour of Gram by failing to properly exercise discretion under s 122(1A) of the Patents Act.

The Full Court upheld the primary Judge's findings with respect to grounds 1 and 2. With respect to ground 3, the Court considered s 122(1A), which provides that:

*A court may include an additional amount in an assessment of damages for an infringement of a patent, if the court considers it appropriate to do so having regard to:*

- (a) the flagrancy of the infringement; and
- (b) the need to deter similar infringements of patents; and



“ This decision confirmed previous authority that more than mere copying is required to trigger an entitlement to additional damages. ”

(c) the conduct of the party that infringed the patent that occurred:

- (i) after the act constituting the infringement; or
- (ii) after that party was informed that it had allegedly infringed the patent; and
- (d) any benefit shown to have accrued to that party because of the infringement; and
- (e) all other relevant matters.

Oxworks contended that, in determining 'flagrancy of the infringement', the primary Judge erred in failing to consider the objective reasonableness of Oxworks' views about the strength of its defence to infringement. Oxworks focused on its email reply to Gram's cease and desist letter which noted:

*"...Oxworks have recently trialled an aluminium extrusion with a variety of uses from an alternative supplier. This extrusion is powder coated and extruded from aluminium billet. I note from reading the Patent provided that your clients product is 'formed from sheet material', 'the sheet is pre-painted galvanised steel' and 'the plinth is made from sheet metal that incorporates a protective coating, such as that provided by zinc galvanised coating, and a paint*

*coating as applied to pre-painted steel strip in a continuous manner'.*

*Our company has no desire to infringe on the rights of your client. In order to quickly and efficiently resolve this issue, I would appreciate if you could detail how Oxworks has infringed the rights of your client, and specifically which part of the Patent has been breached...."*

In Oxworks' argument, the email evidenced a reasonably-held view (at the time of infringement) that its plinth did not infringe the Gram patent and that the primary Judge has failed to properly address this point.

## Additional Damages Overturned

The Full Court accepted Oxworks' argument that the primary Judge failed to consider the relevance of Oxworks' reasonably arguable defence to the allegation of infringement, based on its construction of the claims. Paragraph 66 of the appeal decision noted that:

*"...The decision of Oxworks to continue to pursue its own commercial interests in the face of allegations of infringement that could objectively be considered to be reasonably defensible is*

*a strong factor telling against the award of additional damages".* Additionally, at paragraph 73, the decision noted that:

*"...The fact that an alleged infringer fails to defend its reasonably arguable view as to the correct construction of the claim, and continues to produce infringing products in the face of that view, may result in an award for damages, but would not of itself trigger an entitlement to additional damages within s 122(1A) of the Patents Act..."*

This decision confirmed previous authority<sup>2</sup> that more than mere copying is required to enliven the application of s 122(1A). Furthermore, a reasonably held opinion of non-infringement (having regard to the patent claims) may be a defence to an allegation of 'flagrant' infringement for the purposes of determining an award of additional damages.



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<sup>1</sup> *Oxworks Trading Pty Ltd v Gram Engineering Pty Ltd* [2019] FCAFC 240 (23 December 2019)

<sup>2</sup> *Zetco Pty Ltd v Austworld Commodities Pty Ltd (No 2)* [2011] FCA 848



# Aussie business gets burnt in battle with US burger chain

**An Australian burger business is 'DOWN N' OUT' in more than just name, after the Federal Court found that it had "sailed too close to the wind" in adopting a trade mark and other branding elements based on cult US burger chain In-N-Out Burger, Inc (INO).**

INO brought claims of trade mark infringement, passing off and breaches of the *Australian Consumer Law* against Hashtag Burgers and its two directors, in relation to the use of the trade mark 'DOWN N' OUT' and variants thereof for burger restaurants and pop-up food outlets. Opening the judgement in *In-N-Out Burgers, Inc v Hashtag Burgers Pty Ltd*<sup>1</sup> with the question "What is the line between inspiration and appropriation?", the decision of Justice Katzmann is a reminder of the risks for

entrepreneurs adopting branding from successful overseas ventures. US residents and even visitors will likely be familiar with INO's restaurants. Traverse any popular tourist sites in the US, and the IN-N-OUT BURGER sign with its red text and a yellow arrow will be there - directing burger lovers inside. The chain is also, as the Court found, well known in Australia having hosted several sell-out pop up events during the last seven years in Sydney, Melbourne and Perth

for fans of its 'DOUBLE DOUBLE', 'PROTEIN STYLE' and 'ANIMAL STYLE' burgers. Not surprisingly, INO owns a number of registered trade marks in Australia including for its 'IN-N-OUT BURGER' logo mark with the arrow and the word mark. A series of events in 2016 and 2017 led to INO sending a 'polite' letter to business owners Benjamin Kagan and Andrew Saliba requesting they stop using the name and logo 'DOWN-N-OUT', which incorporated an arrow and was rendered in INO's red and yellow

colour scheme, for their Sydney burger business. INO also requested that they stop using INO's Australian registered trade marks 'ANIMAL STYLE' and 'PROTEIN STYLE'.

Kagan responded to INO by denying the pair were trying to deceive consumers or 'rip off' the INO brand. He also stated that although he was aware that both 'PROTEIN STYLE' and 'ANIMAL STYLE' were INO's registered trade marks, they had never used those terms for their menu items. Despite these denials, the hyphen and arrow were removed from the branding, and the name changed to 'DOWN N' OUT', later transitioning to 'D#WN N' OUT'. The yellow and red colour scheme was retained. At the same time, the business was expanding and the 'DOWN N' OUT' restaurants were extensively promoted online, using 'downnout'. INO subsequently commenced proceedings.

The only live issue in the trade mark infringement claim was whether the various iterations of the 'DOWN N OUT' trade marks, and the corresponding logo mark and the domain name 'downnout' were deceptively similar to the INO marks. As 'D#WN N' OUT', was pronounced as "down n out", the Court did not consider the hashtag a sufficient point of distinction to the INO marks.

Katzmann J found the INO marks and each of the 'DOWN N OUT' marks were deceptively similar. 'N OUT' was considered to be a distinctive and significant feature and an essential ingredient of all the INO marks. While noting that 'down and out' and 'in and out' can have different meanings, the "common directional idea" of the terms 'in', 'out' and 'down', in combination with the fact that arrows featured in both device marks, was found to make it likely that at least some people with an imperfect recollection of the INO marks would not be able to identify the differences in the arrows used by the respective businesses. In determining whether this led to a real risk of confusion, Katzmann J examined two pieces of evidence.

Firstly, there was evidence of actual confusion in the form of some Facebook posts that had associated or confused Down N' Out with In-N-Out. Katzmann J stated:

*"Moreover, the evidence of the social media posts does have some probative value. On the face of things it raises the possibility that some people did wonder about the relationship between IN-N-OUT BURGER and DOWN-N-OUT, including after the arrows and hyphens were removed and the hashtag inserted. Importantly, neither Mr Kagan nor Mr Saliba saw fit to answer the questions raised by the posts or dispel the possibility of confusion, let alone take steps to remove them. It is reasonable to infer that they were happy to leave the question hanging."*

Secondly, Katzmann J considered evidence

**“  
What is the line between inspiration and appropriation?”**

regarding Kagan and Saliba's intentions in adopting the its branding noting that: *"Although a registered trade mark owner is not obliged to prove intention in order to establish infringement, the alleged infringer's intentions are not irrelevant. An inference may be drawn from evidence disclosing an intention to deceive or confuse, that deception or confusion is likely to occur."*

This included evidence of:

1. A Facebook post announcing a pop up event that read: This time on the menu we have the legendary In'N'Ou ... I mean the Down'N'Out burger served up ANIMAL STYLE for all you fatties.
2. A media release titled SYDNEY'S ANSWER TO IN-N-OUT BURGERS HAS FINALLY ARRIVED! that read: "Hashtag Burgers, ... are teaming up with the former Head Chef of Mr. Crackles to bring In-N-Out inspired burgers..."
3. The use of INO's marks PROTEIN STYLE and ANIMAL STYLE and a reference to a 'secret menu' comprising those styles of burger. As well as Kagan's denial in his reply to the INO letter that these marks were being used despite a media statement to the contrary

and a statement that they offered those products to a representative of INO who secretly visited a restaurant and made inquiries of its 'secret menu'.

Katzmann J considered it significant that neither business owner gave evidence and provided no explanation for doing so despite being present in the courtroom for the trial. The pair's failure to explain the inconsistency regarding the use of the PROTEIN STYLE and ANIMAL STYLE marks resulted in a finding that a false representation was made.

*"This false representation lends weight to the inference that the respondents adopted the name 'DOWN-N-OUT' for their burger business, and for some time used a yellow arrow in their logo, for the purpose of appropriating part of the applicant's reputation, and potentially its trade. I therefore find that the respondents sought to attract potential customers by having them wonder whether DOWN-N-OUT was, indeed, IN-N-OUT BURGER, perhaps a down-market or down-under version or at least that the two were connected or allied in some way. That was what was cheeky about the choice of name"*.

Katzmann J ruled that the business had "sailed too close to the wind", finding that there was a sufficiently close resemblance between the two names to give rise to a real, tangible danger of confusion and that the marks were deceptively similar. INO therefore succeeded in not only its trade mark infringement claim, but its passing off and *Australian Consumer Law* claims as well.

Many successful Australian businesses have been built on the back of inspiration from overseas. However, care should be exercised to ensure that, in Katzmann J's words, "inspiration does not become appropriation".



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<sup>1</sup> *In-Out Burger, Inc v Hashtag Burgers Pty Ltd* [2020] FCA 193





# Urban not so unique as action backfires on craft brewer

Earlier this year, the Federal Court of Australia delivered judgment in *Urban Alley Brewery Pty Ltd v La Sirene Pty Ltd*<sup>1</sup>, finding that Urban Alley Brewery's trade mark registration 'URBAN ALE' should be cancelled. Specifically, the mark was held to be descriptive and not to any extent, inherently adapted to distinguish the goods for which it was registered, namely beer, from those of other traders.

<sup>1</sup> *Urban Alley Brewery Pty Ltd v La Sirene Pty Ltd* [2020] FCA 82

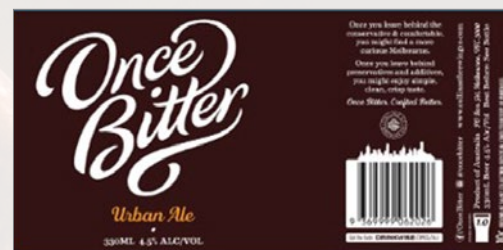


Figure 1



Figure 2



Figure 3



Figure 4

Urban Alley Brewery commenced proceedings for trade mark infringement and misleading or deceptive conduct against La Sirène in respect of its use of the mark URBAN PALE on beer. However, La Sirène cross-claimed seeking cancellation of the URBAN ALE registration on the basis that it was descriptive and should not have been registered.

This decision is yet another example of the danger for businesses seeking to use and register trade marks that have descriptive elements. Descriptive trade marks are becoming increasingly difficult to enforce through the courts. Where a trader chooses a descriptive mark they run the risk that others will legitimately be able to use the mark, diluting the brand value and making enforcement difficult.

In 2016, Urban Alley registered a trade mark for 'URBAN ALE' for beer in class 32 and began selling beer under the names 'ONCE BITTER' and 'URBAN ALE'. Initially the beer was labelled most prominently as 'ONCE BITTER' with 'URBAN ALE' shown in a secondary manner often used to describe the style of beer as shown in Figure 1.

The evidence before Justice O'Bryan indicated that Urban Alley did not want to use a generic beer descriptor such as Pale Ale or Golden Ale, but wanted to create a new style of beer and a segment of the market that the business could own. Urban Ale was said to be somewhere between a classic Australian golden ale and a Belgian blonde and was described as a 'celebration of our great city, a tribute to the laneway culture and a blend of the old and the new'. In 2017, Urban Alley stopped using the 'ONCE BITTER' brand in order

to avoid a connotation that the beer tasted bitter, began emphasising the 'URBAN ALE' trade mark and in 2018 started selling beer prominently featuring the 'URBAN ALE' mark (see Figures 2 and 3).

“  
**This decision is another example of the danger for businesses seeking to use and register trade marks that have descriptive elements.**  
 ”

As Urban Alley was establishing its 'URBAN ALE' brand, La Sirène was establishing itself as an 'urban farmhouse' in Alphington and developing new beer products, including an 'urban ale'. In October 2016 La Sirène launched its new pale ale product 'FARMHOUSE STYLE URBAN PALE BY LA SIRÈNE', to reflect the beer's location and style which was the subject of the proceedings (see Figure 4).

In defence of the infringement allegations, La Sirène contended 'URBAN ALE' described an ale made in an urban area, or intended for consumption by an urban audience, and that other urban breweries may legitimately seek to use those words. In contrast, Urban Alley argued that the words 'URBAN ALE' did not convey any particular meaning or idea to consumers as to the character or quality of the beer and that the mark was capable

of distinguishing its beer products in respect of which the mark had 'an allusive or metaphorical meaning of being cool, trendy and perhaps industrial or grungy'.

Justice O'Bryan accepted La Sirène's submissions, finding that the words 'URBAN ALE' had been extensively used by traders that produce and retail beer products to relate to a town or city and the style of beer since at least 2010. As such 'URBAN ALE' had lost any distinctive quality and other brewers should be able to use these words, without improper motive, to describe their beers.

Ultimately, Justice O'Bryan ordered that the 'URBAN ALE' trade mark registration be cancelled and otherwise dismissed Urban Alley's claims of trade mark infringement, misleading and deceptive conduct, and passing off.

While there is a strong temptation when establishing a brand to use descriptive elements in a trade mark, doing so can be very costly in the long run. Not only will a business' brand marketing be more effective with a highly distinctive mark, the protection provided by trade mark registration will be broader and stronger. POF can assist businesses in determining the best strategy for effectively establishing, obtaining, registering and enforcing trade marks.



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# Much needed clarification on allowability of amendments post Raising the Bar

The Federal Court of Australia recently overturned a decision by the Commissioner of Patents while clarifying the test for determining whether an amendment to a complete specification is allowable (Commonwealth Scientific and Industrial Research Organisation (CSIRO) v BASF Plant Science GmbH).

In doing so, the Federal Court concluded that the approach to be taken under section 102(1) of the Patents Act 1990 (the Act) as amended by the Intellectual Property Laws Amendment Act 2012 (the Raising the Bar Act) aligns with the UK approach. In particular, it was noted that amendments that add matter to a patent application as filed are prohibited under UK law. The UK authorities adopt a somewhat strict approach when assessing whether an amendment has basis in the application as filed, only permitting amendments which are “clearly and unambiguously” derivable from the application as filed. Any amendments that are not derivable from the application

as filed “add matter”. The required disclosure may be express or implied, but on any view must be clearly and unambiguously so. Matter added by way of an intermediate generalisation - where a feature disclosed in one context is introduced into the specification stripped of that context - is not permitted.

## Background

BASF filed AU2013273704, a divisional application of AU2007304229, on 19 December 2013 entitled “Process for the production of polyunsaturated fatty acids in transgenic organisms” (the application as filed). The application describes polynucleotide sequences isolated from *Ostreococcus lucimarinus* which encode polypeptides having fatty acid desaturase or elongase activity. Of relevance, is the polypeptide sequence shown in SEQ ID NO:14 which encodes an *O. lucimarinus*  $\Delta 6$ -desaturase. The application as filed defined the invention as follows:

“The invention, the subject of the present application, is directed to the following:

- > a CoA-dependent delta-6 desaturase having the substrate specificity of the delta-6 desaturase shown in SEQ ID NO:14 (feature A); and

- > the above CoA-dependent delta-6 desaturase which has a preference for conversion of alpha linolenic acid compared to linoleic acid (feature B).”

This paragraph was removed by amendment during prosecution and replaced with a description that defined the invention as:

- > a process for the production of a substance of general formula I that relies on cultivation of a host cell or a transgenic non-human organism comprising “an isolated polynucleotide comprising a nucleic acid sequence coding for a CoA-dependent delta-6 desaturase having at least 75% identity to a nucleotide sequence which codes for a polypeptide as shown in SEQ ID NO: 14” (feature C); and
- > corresponding use of the isolated polynucleotide (or vector, host cell, or transgenic non-human organism comprising said nucleic acid sequence) for the production of an oil, lipid or fatty acid composition.

Amendments post acceptance (the amendments) sought to insert new dependent claims 2 and 7 which claim a CoA-dependent  $\Delta 6$  desaturase defined by reference to feature C and feature B.

“

Matter added by way of an intermediate generalisation - where a feature disclosed in one context is introduced into the specification stripped of that context - is not permitted.

## The Appeal

CSIRO alleged that the amendments constituted an inadmissible intermediate generalisation of the originally disclosed information arguing that the amendments took feature B which is only disclosed in the context of feature A and introduced it into the specification and the claims deprived of that context.

## The law - Section 102(1)

Prior to Raising the Bar, section 102(1) provided that:

“An amendment of a complete specification is not allowable if, as a result of the amendment, the specification would claim matter not in substance disclosed in the specification as filed.”

This provision was given a broad construction in favour of amendment. The requirement of “in substance disclosed”

was analogous to the test for internal fair basis, requiring a “real and reasonably clear disclosure” in the specification as filed of the proposed amendment. Section 102(1) in its present form provides that:

“An amendment of a complete specification is not allowable if, as a result of the amendment, the specification would claim or disclose matter that extends beyond that disclosed in the following documents taken together:

- (a) the complete specification as filed;
- (b) other prescribed documents (if any).”

The trial judge applied the UK legal concepts of “added matter” and “intermediate generalisations” to the construction of the present form of section 102(1) which closely corresponds with the language of section 76(2) of the Patents Act 1977 (UK).

## Conclusion

Whether the amendments added matter by way of introducing an intermediate generalisation turned on whether feature A equates with feature C. Based on the evidence, the trial judge considered that feature C was not coterminous with the required substrate specificity of feature A (at [324]) and therefore concluded, that new claims 2 and 7 claim a CoA-dependent  $\Delta 6$ -desaturase that was not disclosed in the specification as filed and as such, add matter.



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<sup>1</sup> Commonwealth Scientific and Industrial Research Organisation v BASF Plant Science GmbH [2020] FCA 328

# POF welcomes new Senior Associate, Dr Danielle Burns



**Phillips Ormonde Fitzpatrick extends a warm welcome to our newest Senior Associate, Danielle Burns, who has recently joined the Chemistry and Life Sciences team in our Melbourne office.**

Danielle has extensive experience as a scientist and as a patent attorney with expertise in patent strategy, protection and enforcement in the Biotech sector. She has a strong understanding of global patent

and regulatory exclusivities (including data and market exclusivities) and has facilitated entry of several biopharmaceuticals (including antibodies and antisense molecules), diagnostics, cellular therapeutics, and agricultural products (including transgenic plants) to market.

Since joining the IP profession in 2006, Danielle has drafted and prosecuted several patent applications to grant; and provided numerous patentability, infringement, clearance, and validity opinions. Danielle has significant experience in opposing competitor patents and defending against third party oppositions.

She brings commercial and strategic thinking to patent drafting and legal analysis with experience in key geographic markets including Australia, the US and Europe.

Danielle has a diverse client base – working with several local and overseas biotech companies, including small to medium entities, big pharmaceutical and generics/ biosimilar companies as well as academic institutions to strategically protect their intellectual property and facilitate market entry.

We are happy to have Danielle on board and look forward to working with her.

## POF ranked as leading firm in both WTR 1000 2020 and MIP IP Stars 2020 for Trade Marks

**POF has once again been recognised as a leading firm for Prosecution and Strategy, and Enforcement and Litigation in the World Trademark Review 1000 for 2020.**

We have also achieved a Tier 1 ranking for Trade Mark Prosecution in the 2020 Managing Intellectual Property IP Stars awards –

the seventh consecutive year that we've achieved this ranking.

These awards reflect the calibre and dedication of our trade mark attorneys to deliver excellent results, and the quality of the relationships they have built with their clients. They reflect our responsive and pragmatic approach, as well as our consistency and drive for strong results.

The WTR is a globally renowned guide that shines a spotlight on firms and individuals that are deemed outstanding in trade mark development, prosecution and

enforcement. Firms qualify for a listing based on their depth of expertise, market presence and the level of work on which they are typically instructed. Likewise, MIP is the leading specialist guide to IP law firms and practitioners worldwide. It gathers information from thousands of competing firms, IP practitioners and their clients in order to rank IP firms and leading IP practitioners.

We are proud to have received these awards and we'd like to congratulate our attorneys on their outstanding achievements.

