

JUDGING THE DISTINCTIVENESS OF DESIGNS - THE STANDARD OF THE INFORMED USER

In determining whether a design is substantially similar in overall impression, the Australian Designs Act requires an assessment made through the eyes of an 'informed user'. What does that mean in practical terms? Recent decisions issued by the Australian Designs Office have helped to clarify the characteristics of the 'informed user'.



Craig Gleghorn

For a design to be a 'registrable design' under the *Australian Designs Act 2003* (2003 Act) the design must be 'new and distinctive' when compared with the prior art base¹.

A design is considered new provided it is not identical to an existing design, and distinctive provided it is not 'substantially similar in overall impression' to an existing design².

In determining whether a design is substantially similar in overall impression, section 19(4) of the 2003 Act requires an assessment made through the eyes of a person who is familiar with the product (or similar products) to which the design relates (the standard of the informed user).

The concept of assessing distinctiveness from the viewpoint of an informed user is a significant departure from how designs were assessed under the *Australian Designs Act 1906* (the 1906 Act). Originality of design under the 1906 Act was 'judged by the eye', wherein the eye was that of the assessor, for example the court. The Australian Law Reform Commission, in their report on the Australian designs system which preceded the introduction of the 2003 Act, considered that such a subjective test lacked transparency and made it difficult to predict the likely outcome of infringement proceedings³. The standard of the informed user introduced by the 2003 Act is intended to provide an objective test whereby the assessor places themselves in the position of the informed user when considering whether a design is distinctive⁴.

Although the informed user standard is yet to be applied by the courts, the standard has been applied in a number of recent decisions issued by the Australian Designs Office, most notably in *Apple Computer Inc*⁵.

In *Apple Computer Inc*⁵, a Delegate of the Registrar of Designs revoked a design registration in the name of Apple Computer Inc ('Apple') for a universal serial bus (USB) Type-A connector ('the Apple design'). The Apple design was alleged by Apple to be distinguishable from standard USB Type-A connectors due to the Apple design having nine electrical contacts inside the connector's end socket, compared with four electrical contacts in standard USB connectors, which are typically used to connect peripheral devices such as digital cameras, scanners, keyboards and printers to a computer.

Apple submitted evidence from an IT expert who had compared the Apple design with a standard USB connector. The IT expert stated that, in making the comparison, he quickly realised that the Apple design had nine electrical contacts instead of the usual four, and that the contacts in the Apple design were of a different width. In view of these differences, the IT expert considered the Apple design to be readily distinguishable from a standard USB connector. The Delegate dismissed the view of the IT expert as not being that of a relevant informed user. The Delegate considered that USB connectors were intended for use primarily by 'ordinary' computer users, and therefore viewed the relevant informed user to be an 'ordinary' computer user, who is comfortable buying and attaching USB connectors to peripheral devices.

The Delegate considered there to be three ways an informed user might approach the interconnection of a USB connector to a port. The first involved the user simply trying one of the possible two orientations of the connector at random. The second approach was to have a quick look at the end of the connector to see which half contained the insulating substrate, and the third approach was to use the USB icon, commonly embossed on the body of the connector, to determine the correct orientation of the connector. As none of these approaches involved a close inspection of the connector's end socket, the Delegate concluded that the informed user would have no awareness of the number and orientation of the electrical contacts inside the USB connector's end socket. With no awareness of the electrical contacts by the informed user, the Delegate further concluded that the electrical contacts in the Apple design could not make any impact on the overall impression of the product. With all other features of the Apple design being common to standard USB connectors, the Apple design was found to be not distinctive.

This case indicates that the informed user is not analogous to a person 'skilled in the art' or expert in a relevant field, as is the case in relation to patents. Rather, the informed user may be considered an everyday user of ordinary knowledge and familiarity with the product. This case in particular highlights how the informed user standard applied impacts the assessment of distinctiveness. Had the Delegate found the relevant informed user to be an (IT) expert, the outcome may well have been very different.

1 Section 15(1) Australian Designs Act 2003

2 Section 16 Australian Designs Act 2003

3 Designs Bill 2002 (Bills Digest, no. 129, 2002-03), page 7, para 4

4 ALRC Report 74, para 5.21

5 *Apple Computer Inc* [2007] ADO 5 (20 September 2007)

SECURENCY INTERNATIONAL IS RIGHT ON THE MONEY!

While you may not have ever heard of Watermark client, Securrency International, most Australians handle their product every day of their lives – banknotes. And so do others all around the world.

Melbourne-based Securrency International is the winner of both the Large Advanced Manufacturer Award and the Exporter of the Year Award in the 2007 Governor of Victoria Export Awards. To those unfamiliar with the world of banknotes, Securrency International produce Guardian® polymer substrate that is used to produce banknotes. Guardian® keeps the counterfeiters at bay and makes it almost impossible for anyone to replicate the product.

Securrency International is a joint venture between the Reserve Bank of Australia and Innovia Films. Located adjacent to Note Printing Australia in Craigieburn, Victoria, Securrency International have an extensive portfolio of patents and trade marks protecting their intellectual property. The technology has been successfully commercialised in 27 countries around the world including Brazil, China, Indonesia, Malaysia and Singapore, with many other countries in the pipeline.

The introduction of polymer banknotes has seen a landmark reduction in the level of counterfeits, and proven benefits in the areas of security, durability, quality, cleanliness and cost effectiveness. With over 15 billion polymer banknotes issued worldwide, this innovative technology has spawned a new era in banknote technology.

To help develop markets in other regions, Securrency International created Securrency Mexico S.A. de C.V, a joint venture with Banco de Mexico. Together, they are well advanced in building a secure substrate manufacturing plant in Quéretaro, Mexico, providing opportunity for further market development in Central and South America. The Banco de Mexico has been undertaking a program of replacement of local denominations with polymer banknotes since 2002, which has led to significant reduction in counterfeiting, and extended banknote life in Mexico.

Securrency International offers high security printers and central banks a full range of services including design, advice on new and innovative security features, advice on the introduction of polymer banknotes, technical printing support, and polymer recycling and waste management.

Watermark is proud to be associated with Securrency International and congratulates them on their well-deserved award.



Securrency Managing Director Myles Curtis (right) is shown receiving the award from Professor David de Kretser, AC, Governor of Victoria.

COPYRIGHT IN TELEVISION PROGRAM GUIDES REVISITED

In Volume 24, No. 4 of the *Watermark Journal*, we reported the decision of Bennett J in the Federal Court case of *Nine Network Australia Pty Ltd v IceTV Pty Ltd*¹ in which her Honour rejected a claim by Nine Network Australia Pty Ltd ('Nine') that IceTV Pty Ltd ('Ice') had infringed Nine's copyright in its television program schedules. Her Honour's decision was recently overturned on appeal by the Full Court of the Federal Court².

The case is significant in that it highlights how Australian copyright law provides strong protection for 'compilations' of information. The outcome of the case is consistent with previous Australian decisions in this field, for example in relation to telephone directories, and further reduces the significance of the 'idea/expression' dichotomy in Australian copyright law. The decision will be welcomed by businesses seeking to prevent their competitors from copying compilations of data or other information.

As previously reported, Nine produces a weekly schedule ('Nine Schedule') which has columns for starting times, program titles, synopses and other program information. The Nine Schedules are forwarded to aggregators who produce 'Aggregated Guides' which are later published.

Ice provides a subscription based electronic program guide ('EPG') for television, known as 'Ice Guide'. Ice predicts program time and title information for future weeks based on its observations of past programming behaviour and knowledge of the television industry. Ice's predictions are checked against the published Aggregated Guides. Where discrepancies are identified, the Ice Guide is usually amended to reflect the published information.

The first question considered by the Full Court was whether Ice reproduced a substantial part of the Nine Schedule by incorporating time and title information in the Ice Guide. Their Honours reasoned that a finding of substantiality depends much more on the quality rather than on the quantity of what is taken by the alleged infringer. In the case of a literary work, including a compilation, the quality relevant for the purpose of substantiality is the literary originality of what has been copied. The originality of the information taken by Ice lay 'not so much in the form in which Nine presented it, but in the skill and labour expended in selecting and arranging the programs'.

Their Honours held that none of the reasons provided by the primary judge for finding that Ice had not appropriated the skill and labour used by Nine to create the Nine Schedules justified that conclusion, and in particular that:

- Nine's creative work in constructing the program lists should not be ignored on the question of originality;
- Nine engaged in deciding which programs to broadcast and when to broadcast them precisely in order to create the compilation in which it claims to have copyright; and
- it was open to the Full Court to find that Ice had taken a substantial part of Nine's copyright work, even if the time and title information in the synopses were 'qualitatively more important' than the Nine Schedule.

Their Honours recognised that Ice appropriated time and title information, on a weekly basis, in order to create something commercially valuable out of templates that otherwise would have had no commercial value.

The second question considered by the Full Court was whether, as submitted on behalf of Ice, the causal connection between the Nine Schedule and the Aggregated Guides had been severed due to the significant differences of look, feel and content between the Nine Schedules and the Aggregated Guides. Their Honours held that the Aggregated Guides reproduced the totality of Nine's time and title information, and the required causal connection was present.

The matter has been remitted to the primary judge to determine the form of relief to which Nine is entitled. Meanwhile, Ice continues to provide its EPG and states it lodged an application for special leave to appeal the decision to the High Court on 4 June 2008³.

Geordie Oldfield

¹ [2007] FCA 1172

² *Nine Network Australia Pty Ltd v IceTV Pty Ltd* [2008] FCAFC 71 (Black CJ, Lindgren and Sackville JJ, 8 May 2008)

³ *IceTV vs. Nine* (5 June 2008) <<http://www.icetv.com.au/news/>> at 10 June 2008

UPDATE FROM IP AUSTRALIA - PATENT PROSECUTION HIGHWAY

IP Australia has entered into an agreement with the United States Patent and Trademark Office (USPTO) to trial a program intended to speed up the prosecution of patent applications common to both countries.

The program being trialed is called the Patent Prosecution Highway ('PPH'). It amounts to a 'sharing' of the examination of the US and Australian applications between examiners in both offices.

Under the PPH, if a report issues from either IP Australia or the USPTO indicating that there is at least one patentable claim in the application, the applicant can request the other office (USPTO or IP Australia) to accelerate examination of the counterpart application.

There are four criteria which must be met for the PPH to be available to an Australian patent application.

1. The application must be a standard complete application claiming priority from (a) one or more US applications directly; (b) a PCT application having a US priority claim; or (c) a PCT application having no priority claim.
2. The US priority application (or a continuation thereof) must have at least one claim that has been allowed after examination in the US.
3. The claims of the Australian application must be of the same or similar scope to the allowed claims of the US application. According to the Examiner's Manual, the wording of the claims do not have to be identical – differences in local language usage and claim drafting practice are to be taken into account provided the claims cover effectively the same invention.
4. No examination report has been issued by IP Australia on the Australian application.

Similar eligibility rules apply to US applications participating in the PPH, including that priority must be claimed from an Australian application, or via a PCT application having no priority claim. No restriction is placed on which PCT Receiving Office is processing the PCT application.

The program is based on a similar pilot program which was run between the USPTO and the Japanese Patent Office which has now been permanently adopted. Similar trial programs are being run between the USPTO and the UK, Chinese and South Korean IP offices.

This system may provide an advantage for applicants seeking patent protection in both the US and Australia in those technologies where examination delays at IP Australia are generally shorter than those at the USPTO. The benefit of quicker Australian acceptance is potentially a substantial reduction of pendency times in the US – an advantage to both US and Australian applicants.

US-based applicants may now have increased incentive to file an Australian Convention application or PCT national phase application to take advantage of a potentially faster track to grant in the US.

The pilot PPH program will run for 12 months from 14 April 2008.

New Australian Patent Searching System

IP Australia has recently introduced its new patent searching system. The new system, called AusPat, is intended to replace the PATSEARCH system introduced only about six years ago.

The new system promises to streamline searching for details of published Australian patents and applications. Some of the key advantages of the newer system are promised to be:

- a 'quick search' function which allows input of search terms in a single query box which will identify the term in any patent database field, along with 'structured search' and 'advanced search' functions;
- a direct link between the individual patent data page and the published patent specification (for most patents/applications) which avoids the previous need to go to a separate page and manually input the patent number;
- provision of a name selector to identify variants of applicant or inventor names;
- easier management of search results and lists;
- customisable search result page views.

A number of ongoing developments are planned for AusPat, including full text searching of patents dating back to 1904.

Our early experience with the AusPat system indicates that it does indeed provide improved functionality compared with the superseded PATSEARCH system. We will continue to update you on developments with the AusPat system.

It can be accessed at <<http://www.ipaustralia.gov.au/ols/auspat/>>.

Adam Hyland

KNOW YOUR ART (LOW COST STRATEGIES FOR MONITORING COMPETITOR PATENTING ACTIVITY)

The most successful companies not only continually innovate but they position their innovations within a framework of competitor developments. Knowledge of who their competitors are, what intellectual property they hold and, in particular, in what direction they are moving should be fundamental to shaping a company's internal innovation/R&D process and strategy and to underpinning long term commercial and business success.

Many companies are swamped by the level of competitor patenting activity and have difficulty placing their innovations in context with those of others. This can lead to a company developing what they believe to be new products and services, only to find one to two years down the patenting time line that there was much prior art of which they were unaware, or that concurrent competitor developments went unnoticed. Significant time, resources and R&D dollars can be wasted because a company is blind to such competitor activities, often based on the belief that to monitor such activities is expensive, time consuming and beyond their available resources.

How can a company with relatively limited resources afford the apparent luxury of monitoring the activities of competitors? Given the clear implications of not pursuing such efforts, the question might be better couched, 'can any company afford not to be aware of competitor activities?'

In terms of patents, much can be achieved with a relatively modest outlay and utilising free resources available on the internet. The strategy discussed in this article provides a direct view of competitor patent activity and also leads to a more knowledgeable and powerful workforce better placed to add ongoing value to the company's R&D processes.

Whilst prior art searching can provide a background for competitive analysis, the focus of this article is more forward thinking. A prior art search is useful only on the day it was performed. After that, it is history, as new developments continue to occur. What methods can be used to monitor competitor activity in a continuous fashion so that a company is always kept informed of the state of external developments?

Competitive Patent Monitoring Strategy

The core principle of the methodology is the creation of a living database of competitor patents and patent applications that is updated regularly via information freely available on the internet.

KNOW YOUR ART (LOW COST STRATEGIES FOR MONITORING COMPETITOR PATENTING ACTIVITY)

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There are two major search engines that are valuable in the creation of such a patent database. Firstly, the USPTO Patent Full Text and Image Database is a free facility enabling very specific searching to be performed. New US granted patents are published weekly as are new US applications. Secondly, the World Intellectual Property Organisation (WIPO) publishes new PCT applications weekly. Utilising the international patent classification codes, specific searches in specific areas of technology can be very quickly performed. Data procurement may be performed in house or an external alert service may, alternatively, be utilised.

Some pre-work is required in order to define the breadth of search required. It may be specific to a technical area, strongly dependent on the current activity in that field, and in some cases a number of patent classes may need to be utilised.

A database is then created in a simple spreadsheet form, usually containing the applicant name, the patent or application number, the date of publication and a short sentence describing the contents of the document. Each week the database is expanded. Initially, the data may seem random and haphazard; however, if the process is rigorously adhered to, patterns of activity will emerge. Viewed over a period of one to two years, the dataset will begin to provide an overview of all significant patenting activities in the field. The data can be manipulated to highlight activity of individual competitors.

Much of the value of this strategy is only realised once the dataset is sufficiently mature; however, there are also immediate advantages.

It is highly valuable to be aware of a competitor filing shortly after it publishes. This may have an impact on a company's current internal research program or a company's freedom to operate current or future technologies. It may also affect a company's thinking with respect to internal innovation, sparking new directions for research. As technology continues to build on itself, being aware of new technologies as soon as they are published can be extremely valuable and avoids wasting significant capital on prosecuting low value patent applications and in pursuing unnecessary research and development programs.

It is recommended that this activity be undertaken by a skilled researcher with a high appreciation of the field in question because it is an exercise in critically analysing the data and placing each relevant citation in context within the database. With a correct search strategy, it is extremely rare for a relevant patent or patent application not to be identified.

In the author's experience, the exercise can be performed in a few hours per week. It will be apparent that this represents a small investment relative to the immense amount of information that eventuates. The attraction is that any company can potentially undertake this exercise, as all of the resources are freely available without the need to purchase expensive proprietary intellectual asset management software, or utilise the traditional services of an IP watch provider. Alternatively, the activity may be performed by an external IP provider that has the necessary technical expertise to place each new citation within the context of the client's business. This scenario can offer the advantage of strengthening the client-IP provider relationship, and potentially offers future cost savings with respect to strategic IP advice. Long term, a company's confidence increases with respect to shaping their future strategy in the light of the information available. Further, and of significant importance, the interactive nature of the exercise educates those involved to become more knowledgeable in the field. Just as successful companies know their competitors, successful researchers should know their art.

Dr Grant Jacobsen

OWNING IP IN THE ACADEMIC SECTOR – NEW ISSUES

The University of Western Australia ('UWA') has sought leave to appeal the recent Federal Court decision in favour of Professor Bruce Gray and Sirtex Medical Ltd¹. The decision by Justice French that UWA did not have a claim to the IP has provoked heated discussion about the ownership of patents in the university and research community. Regardless of the outcome of the appeal, this case raises many important issues for commercialisation in the academic sector.

The technology in question was the use of microspheres specifically to target a radioactive payload to kill liver cancer cells while sparing normal liver tissue. The microspheres which deliver 'selective internal radiation' became known as SIR-spheres, now successfully marketed by Sirtex which floated on the ASX in 2000.

UWA sued Professor Gray and Sirtex, seeking ownership rights in the intellectual property. More than 20 years of evidence from the commencement of Professor Gray's appointment at UWA as Professor of Surgery in 1985 through to the development and commercialisation of the cancer therapy was examined in the case.

Ownership Of Employee Inventions

No assignment agreements existed between UWA and Professor Gray or Sirtex, so the court initially looked to the *University of Western Australia Act 1911* (the UWA Act), the *Patents Act 1990* and common law decisions to see if they were relevant to the transfer of ownership in the IP.

The UWA Act defines how statutes and regulations can be made by UWA. Notably, the UWA Act stipulates that a new regulation can come into force only from the date when it is 'promulgated'. Although there was much discussion during the case about the date of promulgation of the IP regulations, this was ultimately futile in light of the judge's decision that UWA could not acquire ownership of intellectual property purely through its statutes and regulations. The regulations provided a procedure 'to enable the orderly identification' of intellectual property; however, the judge found that the regulations by themselves were not sufficient to acquire or transfer ownership of intellectual property from employees to the university.

Similarly, the *Patents Act 1990* does not include any mechanism for an employer to attain ownership of an employee's inventions. Justice French therefore reviewed previous court decisions from Australia and from around the world. He concluded that, in the absence of an assignment agreement to the contrary, an employer would generally own inventions made by employees during the course of their employment.

Employed To Invent?

So did Professor Gray make inventions 'during the course of this employment'? If so, then the prevailing common law would say that UWA had a valid claim to ownership. Professor Gray and the various members of his team were employed under contracts which included obligations to teach, undertake research and to stimulate research among staff and students. Justice French was of the opinion that, even though one might think that inventions could reasonably be expected to arise from research, a duty to research does not equate to a duty to invent. This notion was raised particularly in reference to the university academic environment where the concept of 'academic freedom' is one of free exchange of results, and commercialisation is a 'by-product'. Professor Gray's results were published, patients were treated with new techniques and the entire research focus was on getting better outcomes to treat those patients. It was concluded that this environment was inconsistent with the secrecy required for patenting inventions.

Justice French stated that he did 'not consider as a general proposition that there is a presumption at law that the university will be entitled to the rights of inventions developed by such [academic] staff in the course of their research', and also that Professor Gray 'had no duty to invent anything'. Even if there had been an explicit statement in the contract of employment that inventions made during the course of employment belonged to the university, this would not have been enough. Ultimately, it appeared that the 'evidence was insufficient to establish that the inventive concept ... was developed by Dr Gray while he was an employee or in the course of his employment at UWA'.

Conclusion

This decision may cause some alarm among the university community and prompt a review of university legislation, regulations and employment contracts. The case underscores the importance of ongoing vigilance in creating and maintaining processes for rigorous intellectual asset management in the academic sector.

A final take-home message from Justice French:

'[U]niversities might well consider the alternative of deriving benefits from inventions produced by their staff by offering highly competent and experienced commercialisation services in exchange for a negotiated interest in the relevant intellectual property'.

Dr Lachlan Wilson