

### BAVARIA HOLLAND BEER - WATERMARK INTELLECTUAL PROPERTY LAWYERS FEDERAL COURT WIN

The Federal Court has handed down its decision in *Bavaria NV v Bayerischer Brauerbund eV*, clarifying the law on geographic indications in Australia.

The Applicant, Bavaria NV, a family owned Dutch brewer, had been selling beer made in accordance with the Bavarian method of brewing under trade marks including the word BAVARIA for decades. In 2000 it sought to register its current product label in Australia, which took the form of the label pictured (left).

The Respondent, Bayerischer Brauerbund eV (the 'BB'), an association representing the interests of breweries located in Bavaria, opposed the registration on the basis that Bavaria was a region in Germany known for brewing and the Applicant's mark was thus

- not inherently adapted to distinguish its goods,
- misleading and deceptive, and
- unregistrable as it contained a geographical indication.

The Court found against the BB on all grounds.

The Court rejected the BB's argument that the most important part of the mark was the word BAVARIA, and the remaining words and graphic elements of little or no importance. When viewed as a whole, the Court found that the mark contained specific elements used to distinguish the Applicant's product from those of others, rendering the mark adapted to distinguish the Applicant's goods.

The BB were also unsuccessful in arguing that the mark was misleading and deceptive. The Court accepted the Applicant's evidence that consumers would not view the above trade mark as indicating the product came from a particular location. Consumers that were savvy enough to place importance on the origin of the beer would understand, from the reference to HOLLAND, that the product did not originate in Bavaria.

Finally, the BB argued that the mark should not be registered as BAYERISCHES BIER (translated 'Bavarian Beer') is a geographical indication. The Court found that, to be a geographical indication, a word or phrase must be recognised by a Court or legislative instrument—it is not sufficient for a percentage of the population in Germany or Bavaria to recognise the word as a geographical indication.

Most importantly, the Court found that, unlike the law relating to geographical indications in Europe, for the purposes of the Australian legislation, a mark will only be refused registration if it contains the recognised geographical indication. An English translation of the geographical indication, or a word or phrase substantially identical or deceptively similar to the recognised geographical indication, will not be sufficient. The Court thus held that while BAYERISCHES BIER was a recognised geographical indication, the Applicant's trade mark did not contain the geographical indication. The trade mark has now proceeded to registration.

The Applicant is continuing to sell its BAVARIA HOLLAND beer in Australia.

The Australian Trade Marks Office has said that the decision contains judicial statements that will assist it in dealing with similar marks in the future and we can expect this decision to be cited by the Courts and Trade Marks Office in relation to marks containing allusions to geographical areas for many years to come.

**Robynne Sanders** and Jill Newton acted on behalf of Bavaria NV



## COPYRIGHT IN COMPILATIONS – THE FINAL EPISODE OF ICE TV?

Some readers will recall that we have been following the ongoing dispute in Australia between the Nine Network and IceTV in relation to the alleged infringement of copyright in electronic television guides. In this next episode, the Full Federal Court decision was appealed to the High Court, and a unanimous judgment in favour of IceTV issued on 22 April 2009 (*IceTV Pty Limited v Nine Network Australia Pty Limited* [2009] HCA 14). The High Court found IceTV did not infringe the copyright of the Nine Network, overturning the appeal decision and reinstating the initial decision of the primary judge.

This decision will make it easier for third parties to produce their own unlicensed television guides and will, no doubt, have a profound impact in coming years when digital television becomes more widely adopted in Australia. It also impacts the legality of other forms of compilations and use of data compiled by third parties.

Nine produces a weekly television program 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', being schedules of programs to be broadcast on various television stations. These are later published in various media.

IceTV provides a subscription based electronic program guide ('EPG') for television, known as the 'Ice Guide'. When downloaded onto certain devices such as digital televisions, set top boxes, and digital recording devices, the Ice Guide displays a program schedule for the coming six to eight days. In publishing its EPG, IceTV predicts program time and title information based on its observations of past programming behaviour and knowledge of the television industry. IceTV's predictions are then checked against the time and title information published in the Aggregated Guides. Where discrepancies are identified, the Ice Guide is typically amended to reflect the published information. It is the use by IceTV of the Aggregated Guides to which the Nine Network objected, and was at issue in the appeal.

To succeed on the basis of copyright infringement, the Nine Network needed to prove that (i) copyright subsisted in the Nine Schedule and (ii) IceTV reproduced a 'substantial part' of the Nine Schedule. IceTV did not dispute that copyright existed in the Nine Schedule. Therefore, the issue in dispute was whether the time and title information reproduced by IceTV constituted a 'substantial part' of the Nine Schedule.

In determining whether a 'substantial part' was taken, the High Court applied the well established proposition that it is the 'quality' of what is copied that is critical; it is not only the 'quantity' that is relevant. It was this subjective 'quality' factor which the High Court determined was incorrectly applied by the Full Federal Court in reaching its earlier decision.

The High Court discussed the copyright principle of 'originality', being that the copyright work must originate with the author, requiring some independent intellectual effort by the author. The question of 'quality' in relation to compilations such as the Nine Schedule was then considered in relation to the 'originality' of the copied elements:

*'The more simple or lacking in substantial originality the copyright work, the greater the degree of taking will be needed before the substantial part test is satisfied'* (at para 40).

The High Court then went on to consider the mental effort involved in the expression of the time and title information in the Nine Schedule, and reasoned that there are only limited ways in which such information could be conveyed, given the expression was essentially dictated by the nature of the information:

*'In this case, a chronological arrangement of times at which programmes will be broadcast is obvious and prosaic, and plainly lacks the requisite originality'* (at para 43).

It followed that the reproduced part, being the time and title information, lacked the requisite originality for the part to constitute a 'substantial part'.

Where this reasoning differed from that of the lower courts was in the application of the 'skill and labour' doctrine. The High Court reasoned that the critical question is really the degree of originality of the particular form of expression of the reproduced part. Consideration of skill and labour should only be used to assist with answering the question of originality; that is, significant skill and labour may indicate that an expression is original. In this particular case, the skill and labour of Nine's employees was not directed to the originality of the particular form of expression of *the time and title information*. Given the minimal skill and labour required in relation to the expression of the time and title information, the High Court found that a lack of originality follows.

**Leanne Oitmaa**

## FUNDAMENTALS OF IMPLEMENTING AN IP STRATEGY (PART II): PRACTICAL CONSIDERATIONS

Technology driven enterprises frequently hear the mantra 'you must have an intellectual asset (IA) strategy to succeed'. But what is an IA strategy and how do you align it with your business? In this article we will look at the internal dynamics of an organisation to see what cultural practices of the organisation may contribute to an IA strategy.

We have previously described the basic steps that a company can take in assessing whether its intellectual assets (IAs) are valued and suitably managed (Journal Vol 26, No 1). This follow up article looks at the practical issues when implementing an IA strategy of which intellectual property management is a part.

Each company will need to address these issues from a different starting point, whether it be from the perspective of when a new idea comes out of a research project, or whether it is from an even earlier point when a new project is being considered internally for support.

### In the beginning

Consider a new research proposal that is under evaluation for support, and which is in a key strategic field for the company. Two key issues to consider are discussed below.

*Are the commercial and research fields free of competition?*

The reality is that commercial and research fields are unlikely to be free of competition. Due diligence should be undertaken in relation to the competitive IP landscape to determine the population and distribution of IP in that landscape (who owns what). When a research field is crowded, it is highly likely that the related IP landscape will also be crowded. To avoid re-inventing the wheel, or unintentionally infringing another's patent, it is best practice to ensure that the IP landscape has been surveyed and suitable, professionally conducted 'freedom to operate' searches undertaken. Whilst many research teams consider themselves to be up to date on relevant 'scientific literature', it is rare that researchers fully utilise the various patent databases available, or use search tools such as the International Patent Classification or US patent classification codes.

*Must external IA be accessed?*

Given the complexity of modern research, a key question is 'can the project be undertaken without using external intellectual assets?' At the completion of the project pathway when commercialisation is being attempted, it is too late to consider:

- i. Are there underlying contractual agreements that will impact upon the project, such as research agreements or material transfer agreement(s)?
- ii. Will your own commercialisation efforts be hindered because you require (a) licence(s)? Multiple licences can result in royalty stacking and thus can impact on profit margins.
- iii. Were contractors or consultants involved in the project, and who owns the IP created during the project?

A frequent issue that arises during the due diligence process within public sector research organisations (and can occur in the commercial world) is that a project is already contaminated with external intellectual assets even before its commencement. Within universities and large public sector research groups, where the importance of intellectual assets is not necessarily well understood, this can be difficult to ascertain given the open attitude to the sharing of resources. It is not uncommon, for example, for animal models/antibodies/plasmids, which are in fact the property of another entity, to have been freely supplied to various other labs. Equally troublesome can be 'informal' agreements/IP arrangements made by research staff when liaising with collaborators.

### After commencement

#### *IP surveillance*

Once the project commences, IP monitoring is frequently pushed to the side while the 'real' work starts. Whether it is the duty of the research team, or more preferably an IP manager, the IP landscape over the life of the project needs to be monitored. Simple models for this include:

- Undertaking limited searching at six monthly intervals. (Remember the IP black hole: the time lag between an application being filed and eventually published.) This is particularly important where key competitors have already been identified.
- Placing a competitor's patent application, identified in the lead up to the project, on a watch to track its progress. In the life of a patent application, the eventual scope of the claims can change dramatically between filing and grant.

#### *The paperwork*

Document management is critical to all of these issues. Without high quality document management, the tracking of projects and related IP issues can become a minefield of missed opportunities, or worse, possible loss of rights. Key personnel come and go, and projects and IP matters run for years, not weeks and months. Only good records will enable a smooth transition with respect to individual projects and their alignment with IA strategy.

A 'cradle to grave' approach will ultimately assist both the research team and the IP manager. Starting from the cradle, the following should be considered as minimum requirements:

- Standardised lab notebooks (Minute/Note books) with complete instructions on their use—insist on orientation of new research staff in all aspects of their use and IP policy.
- A process for 'invention triage', including a formal Invention Disclosure Document (IDD). An accurately completed IDD will enable rapid triage from both a patentability perspective and market analysis. Co-existing with this will be an Inventions Register.
- Register of agreements (cross-company and external, collaborative research, inter-institutional, materials transfer and so on).
- Register of funding arrangements (Government, philanthropic, industry sponsored).
- Publications Register including dates of presentations and copies of abstracts and conference papers. Watch your own web site for inadvertent publications.
- Patent applications/patents (and other IP assets, eg designs, trade marks) database. Consider what other intellectual assets across the company should also be monitored for value, and recorded. Customer databases, market analysis data and advertising approaches all fall within the ambit of IP assets and have inherent value, and along with registrable IP need to be managed accordingly.
- Accurately recording inventor details and obtaining assignments where required. Belatedly tracking down inventors can be a time consuming and costly exercise, especially if inventors move overseas or out of the industry. Inventors disenchanted with a previous employer may not be so willing to execute an assignment of rights after the fact.

Thus, the fundamentals of an IA strategy can be described as a cycle. Devise the key features of a workable IA strategy, and establish a process to implement that strategy such that it encourages engagement from all sectors within the company. To enact the IA strategy, procedural methodologies need to be developed that are recognised as being necessary to effectively and efficiently capture and secure IP and through these steps assist in aligning the IA strategy with the business strategy of the company, thereby driving ongoing innovation. Periodically the IA and business strategies need to be reviewed for continued alignment and focus, both for their individual purposes as well as their interaction. Any change of business focus, commercial landscape and new innovation within the company needs to be fed back into the IA strategy.

**Dr John Golding** worked in the tech transfer office of a major NSW University for many years.

## FINANCIAL CRISIS V CLIMATE CHANGE CRISIS

It now seems generally accepted that the longer we delay taking action to reduce carbon emissions, the greater will be the impact on our environment due to the effects of resulting climate change, and the greater will be the cost to mitigate these effects in the future.



Ray Tettman

Until quite recently, the Australian Government strongly and consistently argued for this view. It therefore came as some surprise when, on 4 May 2009, Prime Minister Kevin Rudd announced that the Carbon Pollution Reduction Scheme (CPRS), the proposed emissions trading scheme, would be delayed by 12 months, now to begin on 1 July 2011.

The delay has been blamed on the global financial crisis, which has caused 'the worst recession in three quarters of a century' according to Mr Rudd. In major concessions to business, the initial impact of the scheme will be softened with a low fixed carbon price of \$10 per tonne for the first year, unlimited permits for that year and an increased number of free permits for the first five years. This could make one wonder whether the Australian Government is serious about tackling climate change.

However, at the 5th AustralAsian Cleantech Forum held in Melbourne on 1-2 April 2009, the Honorable Peter Garrett, Federal Minister for Environment, Heritage and the Arts, outlined various aspects of the Government's economic stimulus package introduced in response to the global financial crisis and aimed at encouraging the development of clean technologies. The Climate Ready Program, described in our last Journal (Vol 26, No 1), was given as one example. Others include the Climate Change Action Fund, the Renewable Energy Fund, and the Energy Innovation Fund including the Clean Energy Program. A stated objective of the Clean Energy Program is to 'develop and advance Australia's research and development capabilities and intellectual property in clean energy technologies'. Overall, \$20 billion of the Government's economic stimulus package has been allocated to the development and promotion of clean technologies.

Whilst the new clean technology stimulus programs are welcome, Australian innovators have not been sitting idle waiting for them. On 24 April 2009, a media release from Senator Kim Carr, Minister for Innovation, Industry, Science and Research, noted:

'A 250 per cent jump in green trade marks in the energy sector over the past five years—compared to the previous five years—is one indicator showing strong growth in intellectual property applications for green technologies in Australia'.

Reflecting on World Intellectual Property Day (which occurred on 26 April 2009 and this year focused on the promotion of 'green innovation' as a key element in meeting the challenges of climate change), the Minister pointed to an increase in patent applications for green technology as further evidence that industry is adapting to, and finding new ways to combat, the challenges of climate change. 'Patent registrations for solar and clean coal technology applications from Australian and overseas innovators have risen by 15 per cent and 50 per cent respectively over the past five years', Senator Carr said.

Watermark's own research suggests that the growth in patent filings relating to wind turbine technology alone over the past five to ten years, both from Australian and overseas innovators, is even greater.

According to Senator Carr:

'Combined with the huge jump in green trade marks in the energy sector, these [patent filing] figures clearly show that innovators are tackling climate change head-on. Innovators clearly recognise the importance of being green if they are to succeed in today's marketplace. Registered IP rights, including patents, trade marks, designs and plant breeder's rights are central to the innovation that drives economic growth. They offer exclusive rights for new ideas and create incentives for continued investment in green technologies. The IP system allows Australia to benefit from investment in green technologies by protecting that investment, and licensing the technology to other countries'.

Whilst various sources of Government funding have been available for technology development and commercialisation in the past, most of the new schemes, aimed specifically at clean technologies and announced as part of the economic stimulus package, will operate over the next four to five years. These schemes will provide further incentive for Australian innovators involved in clean and green technologies.

**Ray Tettman** is a power engineer having spent his early career working in the electricity industry. Ray has worked extensively in IP relating to wind farms.

## CUTTING THE COST OF RENEWALS

Changes in the way Patent and Trade Marks Offices in a number of countries accept fee payments have enabled Watermark to reduce renewal costs for many of our clients.

For example, Watermark now holds a deposit account with the European Patent Office, enabling us to pay renewal fees on patent applications. Further, there is no longer a legal obligation to use a foreign agent as a representative to make these payments in Europe, and thus the process can be carried out without incurring any handling charges from a foreign agent. These savings are being passed on.

We are seeking to expand these processes to other countries wherever legally and technically possible. Savings on patent renewal fees are presently being made on European patent applications, granted US patents, granted Canadian patent applications and United Kingdom patents, trade marks and designs. The project will be extended to cover France and Germany as soon as possible.

Please don't hesitate to contact your Watermark attorney if you would like specific information or to discuss your portfolio.