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TAKING THE CLEAN AND GREEN INITIATIVE

Amanda Jones

The predicted adverse economic impact of global climate change has made governments around the world focus on measures to tackle climate change.

These measures include encouraging enabling technologies and new and emerging technologies to reduce the carbon footprint on the environment and address the effects of climate change. Examples include technologies associated with renewable energy, water recycling/saving, waste management, reduced emissions from industrial processes and the development of "greener" and "cleaner" products. Such innovation will bring with it the creation of valuable intellectual assets which need to be recognised and carefully managed, and will present commercial opportunities for the innovator.

Intellectual assets founded on greener and cleaner technologies may function to protect the core technology, attract investment and R&D funding (government and/or private) and can be key to generating a sustainable business into the future.

The Australian Government has responded to the challenges of climate change through various initiatives including the establishment of *Clean Business Australia*. This is a Government funded partnership with Australian business and industry, aimed at tackling climate change, and focusing on increased sustainability, productivity and innovation. There are three elements to *Clean Business Australia:*

- the Climate Ready Program
- Re-tooling for Climate Change (support for SME manufacturers to improve water/energy efficiencies of their production processes)
- the Green Building Fund (support for commercial building owners to reduce greenhouse gas emissions and energy consumption).

Climate Ready

Climate Ready is a competitive grants program which opened on 28 July 2008 and is available to individuals and companies (who meet the eligibility criteria) to support the development and commercialisation of clean, green technologies and associated services in Australia. The Government will provide A$75 million over four years in the form of grants from A$50,000 up to A$5 million on a matching funding basis to support research and development, proof-of-concept and early-stage commercialisation activities directed to addressing the effects of climate change. It is a merit-based program, and while projects such as those referred to above would be eligible, it is also expected that, for example, the development of a new crop which is drought tolerant and can adapt to the conditions produced by climate change would be eligible for funding.

Importantly, one of the eligibility criteria for a Climate Ready grant is that the applicant is able to show that it owns or has access to the intellectual property generated and needed to undertake and/or commercialise the innovation. This highlights the need to ensure that intellectual assets are established and protected where appropriate and/or the subject of a written agreement which supports the applicant's freedom to operate.

Other initiatives

Briefly, other Australian Government initiatives include the establishment of the Clean Energy Innovation Centre, the Low Emissions Technology Development Fund and the Green Car Innovation Fund (GCIF) which commences on 1 July 2009 to assist and encourage the design, development and manufacture of low-emission, fuel-efficient cars and components in Australia.

In introducing and supporting these initiatives, the Australian Government is sending a clear message to business and industry that cleaner and greener innovative technologies are required. Recent record high temperatures, floods and severe bushfires experienced in Australia heighten the need to address climate change and only support the Government's initiatives.

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INTELLECTUAL ASSET MANAGEMENT IN THE ENGINEERING AND MINING SECTORS

In recent years there have been a number of studies of intellectual asset management (IAM) strategies in various industries. In particular, there is a great deal of research into how IAM is applied within the biotechnology, pharmaceutical and electronics industries. There has been very little corresponding research into IAM practices in the engineering and mining/resource industries.

In an attempt to rectify this, the author conducted a qualitative study into the IAM practices and strategies of engineering and mining/resource companies. The study looked at whether the extensive research and development being conducted in these sectors was being successfully commercialised, and the extent to which recognised IAM practices were being implemented. The study also looked at the motivations behind these companies' use of available intellectual property systems.

The results of the study were recently presented at the Engineers Australia Centre for Engineering Leadership and Management (CELM) national conference. They reveal some interesting insights.

The study concentrated on engineering, mining and resource companies with significant operations in Western Australia. These ranged from small R&D companies and medium-sized contracting and supply firms through to multi-national mining and resources companies.

The study found no clear correlation between company size and the importance given to IAM practices. Instead, the key determinants of IAM awareness were the nature of the company's business and the principal sources of company revenue. The extent to which a company's intellectual assets directly affect its income correlates very closely to the importance given to management of these assets.

At the extremes of the scale, these results were to be expected. At one extreme, resources companies extracting and shipping mineral ores or oil/natural gas see little need for refined IAM practices. Not only is there no obvious commercial need to specifically identify and separately commercialise many of their innovative practices, but there is often a clear reluctance to do so. A senior representative of one well-known Australian resources company explained that, in his experience, attempts to commercialise technology often detracted from the company's focus on extracting and selling product. As a result, the company does not actively seek commercialisation opportunities.

At the other extreme, R&D companies in the engineering sector are often generating ideas and innovation—intellectual assets—as their only product. These companies frequently have elaborate IAM structures in place, with IAM registers and audits commonplace.

In between these extremes, the correlation of revenue from intellectual assets to importance of IAM management held true. Indeed, one could see the correlation at work within individual companies as they evolved and changed the nature of their business over time.

One example was a company which had started out as an R&D operation with a view to licensing technology, but had since elected to manufacture product for the local market. With this change in focus, and source of revenue, the emphasis on IAM procedures had notably declined. The company continued to operate IP registers and follow the established procedures, but the sense of urgency in capturing ideas had dissipated.

Another example is a world leader in design and manufacture in its field. This company had started up, and become well established, without a focus on IP and IAM issues. It had run into trouble, however, by inadvertently infringing the patent of another party. The resulting court proceedings and product re-designs impacted significantly on the company profit. This in turn led to recognition of the degree to which IP and IAM was relevant to the long term market position of the company, and to a sharp upturn in the rigour of its practices, now reflected in its strong growth.

Although some companies showed a relatively high degree of understanding of IAM practices, it was clear also that many of them saw IAM as being useful for providing short-term competitive advantage, not as a long-term driver of their business. Their use of IAM, in other words, was tactical rather than strategic.

One measure which proved a good indicator of the IAM performance of engineering firms related to organisation structure. Most organisations have one person who is ultimately responsible for the implementation of an IAM policy, or at least for management of IP issues. Those companies with a strong IAM policy and performance demonstrated this by having the responsible person in a senior management position, often within a business development role. In other cases, responsibility sat within a company's R&D department. There were also a number of companies that still consider IP to be solely a legal function, with responsibility lying with an in-house legal department. These companies performed poorly when assessed against every characteristic of good intellectual asset management practice, including the identification of valuable ideas, the recognition of opportunities and the actual licensing and commercialisation of intellectual assets.

In short, the study demonstrated that concepts of intellectual asset management are not well known, or in general well applied, in the engineering and mining/resources sector. This means that those with good IAM practices are gaining a significant strategic advantage, but that few companies are grasping these opportunities. In the recent boom, this issue has been largely hidden in the background. It is expected that the current economic climate may bring it out into the open.

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WHEN IS A LOGO A LABEL? AND WHAT IMPACT ON INFRINGEMENT?

An appeal to the Full Bench of the Federal Court of Australia concerning an embroidered logo on a garment, and what rights it created to prevent parallel importation, has failed (*The Polo/Lauren Company LP v Ziliani Holdings Pty Ltd* [2008] FCAFC 195 (18 December 2008).

Background

Ziliani Holdings Pty Ltd (Ziliani) purchased genuine end of season Polo/Lauren clothing in the USA, importing the clothing into Australia for sale at its retail outlet at discounted prices. This parallel importation of genuine goods and their sale at discount prices vexed the Polo/Lauren Company LP (Polo/Lauren) and the brand owner sought to stop Ziliani.

The law

Australian trade mark law permits parallel importation in line with a policy decision intended to stimulate competition in the Australian market. Parallel importation of genuine products by a third party does not infringe a trade mark registration if the owner of the registration is considered to have **consented** to the registered mark being affixed to the imported products.

In Australia, although importation of a copyright work without the consent of the copyright owner is copyright infringement, there are many potential defences and exclusions. In *Polo/Lauren v Ziliani*, importation of the clothing, considered three dimensional articles (product), did not infringe copyright in the product design, as the product could have been registered as a design[1].

Over the years brand owners have tried many lines of argument to restrain third party parallel importation without success. Some companies have focused on the 'consent' aspect of affixing a trade mark to genuine goods, for example by having the Australian distributor (as a separate legal entity) own the Australian trade mark registration. However, where a relationship exists between the Australian trade mark owner and the overseas brand owner, and that relationship entails any element of downward control between the parties, these tactics may be unsuccessful. Further, if the distributor is required by an agreement to transfer the Australian trade mark registration to the brand owner if the distribution arrangement ends, the distributor is seen not to be the true owner of the mark.

The arguments

Polo/Lauren's ingenious line of argument centred around copyright law and the particular nature of the clothing sold by them. The Polo/Lauren clothing imported and sold by Ziliani included polo shirts embroidered with the recognised polo player logo. Polo/Lauren claimed that Ziliani infringed copyright in that logo embroidered on the shirts (as opposed to copyright in the three dimensional article, being the shirt itself).

Ziliani's defence was that the logo constituted a 'label' associated with the non-infringing article. Selling or importing a genuine 'accessory' bearing a copyright work, where the accessory is associated with a genuine product, is not an infringement of copyright in the 'accessory'. A non-infringing accessory includes various items, such as packaging, and specifically a label affixed to, displayed on, incorporated into the surface of, or accompanying, the article. Ziliani also argued that the logo was capable of being registered as a registered design, invoking an alternative defence to copyright infringement which was successful at first instance but not on appeal.

Ziliani argued that a 'label' meant a brand in some sense equivalent to a trade mark, (a fashion house or 'label') though Ziliani appreciated that a garment 'could have a physical label which contained a brand name of the maker'. Polo/Lauren argued that a label must be a (separate) physical object, such as a swing tag affixed to the article, and that by finding the logo to be a label, the trial judge had found that swing tags and internal tags were not within the notion of a label. The Full Bench rejected this argument, finding that while the logo was a label, 'label' also includes items such as a swing tag.

Polo/Lauren also argued '*that the logo was so integral and essential to the clothing … that neither meaningfully maintained its identity without the other*'. The Full Bench found that an article and a label must be conceptually, although not physically, distinct. However, conceptual distinction did not assist Polo/Lauren's case: '*We do not think that the Logo and the garments are so inextricably bound up in each other's identity that they have ceased to be distinct … It is only when the label and the labelled are conceptually indistinguishable that the former loses its quality as a label*.'

The Full Bench found that the logo functioned to identify a connection with Polo/Lauren and was not purely decorative, and also found that 'label' includes something that in fact identifies an object, regardless of the intention or understanding of the labeller or customers. 'Label' has a meaning broader than a trade mark, but does include trade marks, hence a trade mark incorporated into an article is a label. 'The copyright work is being used as a label … This is the difficulty that Polo/Lauren cannot escape.'

As the logo was found to be a label and hence a non-infringing accessory, the appeal was dismissed.

Although brand owners will continue to make (and find) new copyright arguments, the ability of third parties to parallel import genuine goods into Australia has again been upheld. Brand owners will however be reassured by the fact that this decision relates to embroidered logos. This decision notes that, in June 2007, both parties agreed that Ziliani had infringed copyright in genuine Polo/Lauren clothing bearing the recognised polo player logo in a printed repeated pattern 'and not embossed, woven or stitched'.

Belinda Wadeson

1 Copyright Act 1968, Division 8, Designs subsections 74-77A, the so called "design-copyright overlap" provisions. The area of copyright infringement in relation to a 2D or 3D design applied to a product is intricate. Whether copyright in a 2D or 3D design is infringed in relation to a particular product should always be assessed on a case by case basis.

FUNDAMENTALS OF IMPLEMENTING AN IP STRATEGY: ASK THE RIGHT QUESTIONS

John Golding

Technology driven enterprises frequently hear the mantra 'you must have an intellectual property (IP) strategy to succeed'. But what is an IP 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 IP strategy.

By implementing an IP strategy a company can better utilise the variety of intellectual assets in the organisation, including patents, trade marks, copyright, confidential information and registered designs, and maintain its competitive advantage in the marketplace. At the very least, by implementing an IP strategy, key IP assets are utilised and not lost, superseded or inadvertently given away.

Whilst an IP strategy is often a key driver for the R&D group in an organisation, it is vitally important that the decision makers across the company also have an understanding of IP strategy as it should inform the overall business strategy of the company.

In a company where the value of IP is widely understood, it will be an important strategic driver. Where there is no IP strategy or widespread understanding of the importance of IP within the company, IP management will frequently be approached in an *ad hoc* manner.

IP management must not suffer from being reactionary. It is done best by those who are proactive.

How do you avoid this risky *ad hoc* approach to IP management? There are a few elementary rules that can be applied.

Firstly, someone or some group must take charge. It is their responsibility to drive the IP strategy and this task must be defined within their job description. Once it becomes an 'add-on' to an individual's job description the value of the IP strategy is automatically downgraded to 'something I'll (we'll) get around to'. The legal formalities associated with registrable intellectual property protection include tight time frames and, in some instances, there are immutable deadlines. An *ad hoc* approach can mean additional costs or, worse still, loss of rights. It is this person's (group's) responsibility to engender a 'positive cultural attitude' to managing IP across all sectors of a business. Importantly though, there needs to be support for the strategy, particularly from the top down and from key decision makers throughout the business.

Secondly, internal engagement is critical. The workforce across the company needs to understand the existence and value of the IP strategy. As an example, employment contracts need to ensure ongoing rights in the IP, created by employees, belong to the company. Employees' contracts should be clear about whether they will be rewarded for their contribution to IP development. When employees leave they should be reminded about relevant aspects of the company's IP strategy concerning confidentiality at their exit interview. Ensuring monitoring of these issues in functional areas such as human resources, legal or both is mandatory.

Thirdly, allocate resources. No matter how engaged the company and its workforce, the strategy will stumble without resources. These are not solely budgetary resources, such as ensuring funding for patent filings and prosecution, but include additional elements such as:

- IT support to maintain/develop an IP database,
- resources for searching and watching competitor development as part of marketing surveillance,
- time allocation for teams to meet and consider the relative strengths, weaknesses, opportunities and threats within and external to the company, and the extent these impact on IP strategy and tactical decisions.

The practical issues associated with the implementation of an IP strategy will be considered in a future article. Key, however, is understanding that the IP strategy must form part of a coherent business strategy, together making up the building blocks of the company and its future success.

Ask yourself whether you have considered the importance of your company's intellectual assets and whether they are suitably managed. Take some time and ask yourself these four basic questions:

- Do we have an IP policy?
- Who manages it?
- Does everyone know about it?
- How is it supported?

John Golding