watermark
Intellectual Asset Management

IAM: more than patents, beyond trade marks, way past IP. Fresh thinking from Watermark.

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IAM:Shedding light on the 'new' Australian Designs Act.

How have things changed? The first Full Federal Court decision under the 'new' Designs Act 2003 has been handed down.

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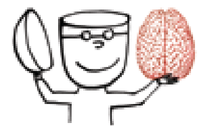
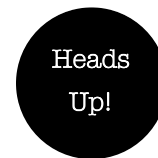


Intellectual Asset Management
There's a lot of talk from Watermark about Intellectual Asset Management lately. Is Watermark still in the patent and trade marks business?
Of course we are! We've been doing this for over 150 years now and we're good at it. We're just taking it one step further and helping clients realise the full value potential in their intellectual assets.



We're changing the way we bill. What does this mean to you? • See page 4.

Using the Innovation Patent as a litigation weapon.

Filing a divisional innovation patent can get patentees into the market quickly and allow action to be taken against infringers.

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Shedding Light on the 'new' Australian Designs Act.

Keller v LED Technologies Pty Ltd [2010][1] is the first Full Federal Court decision under the 'new' Designs Act 2003. The full court considered design registration validity for a vehicle tail light, and whether a competing vehicle tail light put into the Australian market infringed that design registration.

The appeal judges found four features of the registered design differed from the prior art base to render the design new and distinctive:

1. the absence of visible screws;
2. the different visual features of the rear or base views;
3. the 'cut out' or 'recess' at the end of a lamp; and
4. the sloping, rounded mounting brackets surrounding the lenses.

When considering infringement, the alleged infringer argued that its product included visible screws, and did not include the 'cut out' or 'recess' at the end of a lamp. These arguments were accepted; however, the court held that the absence of these features did not substantially affect the visual appeal of the product. Infringement was found because visual appeal of the design as a whole was similar to the registered design.

The registration was also challenged on the basis that the representations were unclear and of poor quality, and consequently lacked certainty as to their scope. While the court found that the representations were sufficiently clear, this case is a reminder of the importance of good quality representations in a design registration to mitigate the potential for revocation.

This appeal case teaches important lessons for Australian designs law and practice:

- It is very important to have good quality representations that clearly show the scope of the protected design.
- Novelty and distinctiveness of a design must be judged against individual prior art documents or acts, i.e. no 'mosaicing' of prior art. This provides substantial scope for registering designs which may have a collection of known features which have not before been put together in one product.
- A Statement of Newness and Distinctiveness does not limit a design when comparing it against an infringing product – infringement analysis must consider the visual impression of the design as a whole.
- When looking at distinctiveness, the focus must be on the similarities of the designs rather than the differences.

Overall, the court did not substantially depart from the validity and infringement tests applied under the former Designs Act 1906. Small differences between the registered design and the prior art will generally lead to a finding of no infringement if there are equally small differences between the registered design and the alleged infringing product. However, it is the similarities rather than the differences between the designs that are to be compared when applying the law of the Designs Act 2003.

The finding of validity of the design registration and successful assertion of infringement highlights the effectiveness a design registration can play in protecting new products in the Australian market.

Leanne Oitmaa

1 Keller v LED Technologies Pty Ltd [2010] FCFCA 55 (9 June 2010)

Guests at the Melbourne launch. From left to right Tim Steinborner, Barbara Griffiths, Ben Aldham, Bobbi Simmonds and Carla Cher (Watermark).

Watermark launches its new brand.

To celebrate our new brand we ran brand launch functions in Melbourne, Sydney and Perth. In Melbourne, Mathew O'Keefe, Trade Marks Attorney for Carlton & United Breweries, spoke about intellectual asset management for the biggest names in beer. In Sydney, Jon Penn, CEO Asia Pacific Fremantle Media Enterprises entertained our audience with a fascinating look behind the scenes of the MasterChef brand. And in Perth, clients and friends got together with Watermark staff to celebrate the new brand at the Kings Park function centre. Since our launch we've had fantastic feedback about our new Fresh Thinking approach. We're glad you see it as a refreshing change in the landscape of patent and trade marks attorneys and we're looking forward to showing you the difference our new approach makes to our clients' business.

"If you don't know the full extent of your intellectual assets, don't feel alone. Even companies with highly organised and accurate records of their IP often don't capture and codify their human capital. What happens when someone leaves your company? Unless you've taken the right steps their knowledge walks out with them. Talk to Watermark about how you can ensure that you don't lose valuable know-how."

Using Innovation Patents in Patent Infringement Cases

It is common strategic practice for patentees to file a divisional innovation patent application from a pending (standard) patent to obtain enforceable rights quickly and take action against an infringer. Patentees are also making good use of the very low threshold for validity of an innovation patent, making them currently almost impossible to invalidate. The full extent of the uses for an innovation patent as a litigation weapon is, however, still being realised.

The current trend in patent infringement proceedings in Australia is to initiate proceedings for infringement of a divisional innovation patent while the parent application remains pending. The only restriction on amendments to the parent prior to acceptance (allowance) is that the invention as claimed must be within the scope of the specification as filed. The infringer thus finds itself in a very uncertain situation, and a relatively weak position, given:

- Any arguments the infringer makes in relation to the divisional innovation patent will be considered by the patentee who can then 'adjust' the parent patent. The infringer, in putting its best case forward on the innovation patent, effectively conducts a due diligence on the standard patent.
- The parent patent is of indefinite scope until granted, and thus the infringer is forced to defend the entire proceedings while uncertain as to the full scope of the patentee's rights.
- The patentee can file a separate innovation patent tailored to each infringing product.
- If the infringer attempts to modify the infringing product to avoid infringement, the patentee can file a further divisional innovation patent to catch it, making it almost impossible for the infringer to design around the patent(s) with any certainty.

The patentee's ability to use the pending patent as a 'mother ship', delivering as many innovation patents as necessary tailored to each individual infringer, encourages the patentee to maintain a pending application for as long as possible. Conversely, while an infringer may previously have elected to take action in the Patent Office against the parent patent (the cheaper option), they may now elect not to interfere, thus ensuring the parent proceeds to grant as soon as possible, minimising the patentee's advantage.

Seafood Innovations[1] however is a cautionary tale on the strategic use of innovation patents. In that case a divisional innovation patent was filed after proceedings for infringement of the parent patent had been initiated, and after the respondent had made detailed submissions to the Court on invalidity of the parent patent. It was clear that the divisional innovation patent was filed to address the validity arguments made by the respondent in relation to the validity of the parent. The Court took a very dim view of such use of an innovation patent to improve a party's prospects in proceedings, and the divisional innovation patent was found invalid. Providing, however, that the patentee can demonstrate a legitimate reason for filing the divisional innovation patent (not merely to sure up validity), it remains a valuable weapon in the patentee's litigation armoury.

Robynne Sanders

1 Seafood Innovations Pty Ltd v Richard Bass Pty Ltd [2010] FCA 723 (12 July 2010)

Personal Property Securities Reform Update

Australia is set to undergo significant reform to the way individuals and businesses deal with security interests in both tangible and intangible assets (including intellectual property – 'IP'). The *Personal Property Securities Act 2009* (Cth) (the 'PPSA') is due to come into force in May 2011.

The PPSA provides default rules for the creation, priority and enforcement of all transactions that create an interest in personal property securing a loan or other obligation.

IP rights are recognised as personal property capable of attracting security interests. However, the current system of registering interests on the registers held by IP Australia is limited, and there is no register for recording interests in copyright and circuit layouts. Consequently, small-to-medium sized businesses have found it difficult to use IP as a means of leveraging security for finance.

The PPSA will replace or amend the law in Australia by creating a single national register of security interests in personal property. In certain circumstances, the PPSA may deem IP rights in goods (including rights exercisable under an IP licence) as a security interest. The registers held by IP Australia will remain the primary source of information relating to ownership of patents, trade marks, designs and plant breeder's rights. However, businesses will need to register security interests in IP rights (including copyright and circuit layouts) on the PPSA register.

It is envisaged that by harmonising the current laws and creating a single national register, the PPSA regime will enable businesses to employ the full value of their personal property as a means of raising capital. As IP rights are treated in much the same way as other forms of personal property, the PPSA regime will provide businesses with another means of extracting value from their intellectual assets. For more information on the PPSA regime and how it may affect your business, please contact Watermark.

Sean McGuire

Strategic Publication.

Publication of aspects of an invention prior to filing for patent protection is widely held to have negative consequences in respect of an entity's intellectual property portfolio. However, there are times when publication makes sense, offering a cost effective option to strengthen an intellectual asset position.

An entity may not always have the financial resources to obtain and maintain large patent portfolios. The problem is exacerbated in times of severe economic stress, such as the recent Global Financial Crisis.

In such circumstances, other ways of protecting potentially valuable inventions can be used, perhaps through maintaining these as trade secrets. However, trade secrets have disadvantages such as the continual risk involved in ensuring that the information does not fall into competitive hands.

An alternative approach is to use strategic publication so as to put the information in the public domain. This may be pursued at a fraction of the cost of patenting. Consider a scenario where an entity files for patent protection on its core technology and then proceeds to make incremental improvements to the claimed invention. The improvements have value and they may represent embodiments of the technology that will be commercially practised. However, if financial resources are not available to pursue patent protection for those improvements, strategic publication may be worthwhile.

The result of publication is that no entity, including competitors, can subsequently obtain a patent on the improvements that are no longer novel. The entity can therefore proceed to practise the improvements without fear of infringement of any future third party rights. Unlike patents, which are restricted by jurisdiction, one strategic publication can confound patenting attempts globally.

However, in order maximise the effectiveness of this strategy, the following should be carefully considered:

- It is vital that the publications are enabled – that is, they must have sufficient disclosure so as to be viewed as novelty destroying to any subsequent patenting attempt.
- It is critical that the publications are in the public domain. Different jurisdictions have different views as to what constitutes publication and this needs to be understood prior to choosing a suitable publication forum.
- Competitive use of the improvement(s) (if published) must not negatively impact the entity's monopoly rights on the core technology. It is therefore important that the relationship between what is claimed in a patent and what appears in a publication is carefully considered.

Using this strategy, an entity can effectively broaden the scope of a patent or patents through publication of particular features. For many years IBM used this strategy in their Technical Disclosure Bulletin to publish inventions that they did not want their competitors to patent. The concept has not lost its significance, and is perhaps even more relevant today in view of ongoing economic pressures.

The consideration of the use of strategic publications should form part of a broader intellectual asset strategy. The advice of an IP professional should be sought to ensure that publication makes sense in respect of the particular case in question, and in light of the overall competitive landscape.

Grant Jacobsen

IAM: Changing the way we bill

Things are changing at Watermark – even your bills

Our fresh way of thinking is all-encompassing. We're approaching our work differently - from the way we talk to the way we act, and now to the way we bill.

At Watermark, our attorneys aren't just attorneys, engineers, scientists or even IP lawyers. They're multifaceted. And beyond that, they all know the business of IP and how it can be used strategically to derive more value from your innovation investment.

Our old fee structure harks back to a different time. But things have changed. There have been improvements in the way we communicate and changes to international protocols. We can streamline much of the administrative side of our business. We're focussing on more strategic, business - centric advice.

So with our new way of thinking, our charges will be simpler and more transparent. They reflect the areas where we deliver most value to you. Take filing fees, for example. The filing process has been streamlined and that's good news for you. We can pass on these savings.

We're changing our fee structure so you can be certain that we're thinking about what will really make a difference and what matters most to you.

Up to speed
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Meet Karen Sinclair

"I'm a strategist when it comes to IP. What drives me is giving my clients the perspective to turn their IP into a working portfolio which delivers commercial outcomes. I love seeing my clients' products on the shelf. In the end, that's what it's about. Innovation is often remarkable, but unless it's successful in the marketplace it hasn't done its job – and neither have I."

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