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



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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.



**How have things changed?** The first Full Federal Court decision under the 'new' Designs Act 2003 has been handed down. • See page 2



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

# The Australian Innovation Patent.

Innovation patents have a reputation for being 'bullet proof' and extremely difficult to invalidate. But has a chink appeared in the armor? • See page 3





# Shedding Light on the 'new' Australian Designs Act.



*Keller v LED Technologies Pty Ltd* [2010]<sup>1</sup> 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**

<sup>1</sup> 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.



# The Australian innovation patent: the 'perfect storm' loses a little wind.

The Australian innovation patent has a number of advantages when considering a holistic view of protection for an invention. Certified innovation patents have a reputation for being 'bullet proof' and extremely difficult to invalidate and have therefore been described as the 'perfect storm' for rights enforcement.

The recent *Seafood Innovations Pty Ltd v Richard Bass Pty Ltd*<sup>1</sup> decision indicates that innovation patents have limitations.

Seafood Innovations filed an innovation patent as a divisional of a pending standard Australian patent application for a fish stunning apparatus. The innovation patent was certified in January 2007.

Subsequently, Richard Bass received a letter of demand to stop selling fish stunning machines said to infringe the innovation patent. After receiving a response that the innovation patent was not infringed, Seafood Innovations commenced infringement proceedings against Richard Bass.

A second divisional innovation patent of the pending Australian standard patent application was granted and duly certified. The proceedings against Richard Bass were amended to include the second innovation patent.

The second innovation patent was directed to exactly the apparatus that Richard Bass was selling. Richard Bass accepted that if that patent was valid, which it argued against, there was infringement. Conversely, Richard Bass accepted that the first innovation patent was valid, but argued that it was not infringed.

In respect of the first innovation patent, Richard Bass admitted the presence of the first four integers as claimed, but contested the presence of a fifth integer a floor pivoted to allow a fish to pass through the apparatus.

In Richard Bass's machines, the 'floor' moved, but three other components also had to move to allow the fish to 'pass unidirectionally from the entrance to the exit'.

The Court found that in the allegedly infringing machines, 'lowering of the chin plate (floor), as a matter of language, does not allow or permit the fish to pass from the front to the exit of the device'. Therefore, the mechanism of the allegedly infringing machines was a different device and the first innovation patent was not infringed.

An 'innovative step' has been found to be a low bar to surmount to obtain an enforceable right. However, this decision indicates that an innovation patent may be considered narrow in scope too.

The court mentioned that the timing of the second innovation application "bears on the question of validity of the patent", although, it is not clear why timing would affect validity.

The second innovation patent was found to have an innovative step, but was held invalid on the basis that the claims do not define the invention (section 40(2) of the Patents Act 1990). In amending the claims to ensure that Richard Bass's machinery was clearly encompassed, integer five was changed to remove the need for the floor to pivot. The Court decided that this claim omitted features which must be necessary elements of the invention, including how the fish is held while being stunned and how it is made to exit the device.

The decision has now been appealed and we would expect that the decision on the second patent, at least, to be overturned.

It seems the timing of the second innovation patent influenced the Court. Although Seafood Innovations was ultimately unsuccessful, the versatility of the innovation patent allowed it to take action long before the pending standard patent application would be enforceable. Clearly, an innovation patent is extremely useful in offering the option of early enforcement, but the strength of the 'perfect storm' has been downgraded.

**Ian Lindsay**

<sup>1</sup> *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 to 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.

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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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