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PATENTS

Extension of term of standard patents relating to pharmaceutical substances: recent cases

New legislation provides for the extension of term of pharmaceutical patents for up to five years with limited ‘spring-boarding’ at any time after the extension is granted.

By Dr Trevor Davies, Partner, and David Yates, Senior Associate


In summary, these provisions provide for the extension of term of pharmaceutical patents for up to five years with limited ‘spring-boarding’ at any time after the extension is granted. The patentee of a standard patent who applies for an extension of the term of a patent must demonstrate that various conditions are satisfied. First, one or more pharmaceutical substances per se, or one or more pharmaceutical substances when produced by a process that involves the use of recombinant DNA technology, must in substance be disclosed in the complete specification and in substance fall within the scope of the claim(s) (subs 70(2)). Second, goods containing, or consisting of, the substance must be included in the Australian Register of Therapeutic Goods (ARTG); and the period beginning on the date of the patent and ending on the first regulatory approval date for the substance must be at least five years (subs 70(3)). Third, the term of the patent must not have been previously extended under the new provisions (subs 70(4)). If an extension is granted, it is equal to the period beginning on the date of the patent and ending on the first regulatory approval date in relation to any of the pharmaceutical substances referred to in subs 70(2) reduced (but not below zero) by five years. However, the term of the extension cannot be longer than five years (s77).

The exclusive rights of the patentee are limited after the extension is granted (that is, the limitations allow for ‘spring-boarding’). Thus, during any time after the extension is granted (including the initial 20-year patent term), it is not an infringement to use a pharmaceutical substance per se, or a pharmaceutical substance when produced by a process that involves the use of recombinant DNA technology, that is in substance disclosed in the complete specification of the patent and in substance falls within the scope of the claim(s) solely for purposes in connection with:

- having goods included in the ARTG, where the goods are intended for therapeutic use; or
- obtaining similar regulatory approval under a law of a foreign country or of a part of a foreign country (subs 78(2)).

The exclusive rights of the patentee during the term of the extension are also limited. An extended patent is not infringed by a person exploiting a pharmaceutical substance per se, or a pharmaceutical substance when produced by a process that involves the use of recombinant DNA technology, that is in substance disclosed in the complete specification of the patent and in substance falls within the scope of the claim(s) for a purpose other than therapeutic use (subpara 78(1)(a)). Further, the extended patent is not infringed by a person exploiting any form of the invention other than a pharmaceutical substance per se, or a pharmaceutical substance when produced by a process that involves the use of recombinant DNA technology (subpara 78(1)(b)).

In contrast to other major countries, a patent is extended for all pharmaceutical substances per se that fall within the scope of the claims, as the extended...
The term ‘pharmaceutical substance’ is defined in the Patents Act 1990 to mean a substance (including a mixture or compound of substances) for therapeutic use whose application (or one of whose applications) involves: a chemical interaction, or physico-chemical interaction, with a human physiological system; or action on an infectious agent, or on a toxin or other poison, in a human body, but does not include a substance that is solely for use in *in vitro* diagnosis or *in vitro* testing. According to the Patent Office, the definition of ‘pharmaceutical substance’ is necessarily limited to chemical entities *per se*; compounds of chemical entities; and mixtures of chemical entities. Consequently, if a claim to an alleged pharmaceutical substance includes features specifying the spatial configuration of the entities in the substance, it is not a claim to a pharmaceutical substance *per se* but a claim to an arrangement of substances characterised by that spatial configuration.\(^4\)

In substance fall within the scope of the claims

In the only Patent Office decision on an opposition by a third party to an extension of term, a Deputy Commissioner of Patents considered that it is appropriate to assess compliance with the requirement for ‘in substance fall within the scope of the claims’ by employing the criteria applied to the allowability of amendments. When dealing with the issue of whether an amendment falls within the scope of the claims before amendment (that is, the criterion of subs 102(2)(a)), the courts have had regard to the principles of infringement.\(^5\)

In considering the patentee’s submissions, however, it was noted that if an amendment to include a substance would result in an infringement that would not otherwise have been an infringement, then that substance would not fall within the scope of the claims.

Goods containing, or consisting of, the substance must be included in the ARTG

There may be ambiguity in the requirement of subs 70(3)(a) that ‘goods containing, or consisting of, the [pharmaceutical] substance must be included in the Australian Register of Therapeutic Goods’. The Patents Act 1990 does not specify which part of the ARTG, nor specify whether the goods containing the pharmaceutical substance include it as an active ingredient, excipient or impurity. In a recent Patent Office decision it was held: ‘the correct interpretation of ss70(3)(a) is that the pharmaceutical substance forming the basis of the request for the extension of term must be included in that part of the ARTG that is publicly accessible – that is available under reg 46(2) of the Therapeutic Goods Act 1989 (Cth). Also, it must be included in the ARTG as an active ingredient – and, in particular, not merely as an impurity. And the issue of whether or not the substance is mentioned on a Certificate of Analysis or any other documents filed with the TGA by the applicant is not a relevant consideration’.\(^6\)

Practitioners, patentees and potential opponents should watch for new cases in relation to these provisions carefully as we learn more about the interpretation of the legislative requirements for an extension.\(^7\)

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TRADE MARKS

Progress report: ‘Waltzing Matilda’ trade mark case

Lomas v Winton Shire Council [2002] FCAFC 413.

In our August 2002 Bulletin, we reported on the decision of a single judge in the Federal Court that the Winton Shire Council in Queensland and the Waltzing Matilda Centre Limited (also in Winton) had better rights to ownership of the Australian icon ‘WALTZING MATILDA’, based on prior trade mark use, than the original applicant for the trade mark, Brenda Lomas. Ms Lomas has now won an appeal against this decision in the Full Court of the Federal Court.

By Samantha Christie, Senior Associate

Ms Lomas applied on 20 November 1997 to register the trade mark WALTZING MATILDA for various foodstuffs and restaurant services. The Winton Shire Council (WSC) and the Waltzing Matilda Centre Limited (WMC) opposed registration of this mark and failed in their opposition before a delegate of the Registrar of Trade Marks. On appeal to the Federal Court, Justice Spender found that 19 days’ prior use of the mark WALTZING MATILDA, in the form of an advertisement in a Queensland accommodation and touring guidebook (advertisement) constituted trade mark use sufficient to show ownership of the trade mark. WSC thereby defeated Ms Lomas’s application for registration for catering and restaurant services.

On appeal, Justice Spender’s decision was overturned, with orders that the appeal from the decision of the delegate of the Registrar be dismissed with costs.

The Full Court found that WSC did not have a settled intention to offer the relevant services using the WALTZING MATILDA trade mark before Ms Lomas’s priority date (which post-dated the advertisement by 19 days). The court found that the advertisement listing the Waltzing Matilda Centre’s opening and that souvenirs and traditional homestead meals would be available from the ‘Waltzing Matilda General Store’ and ‘Waltzing Matilda Country Kitchen’, did not show such an intent. The court also took into account the lack of constancy in the usage by WSC of the expression ‘Country Kitchen’. This expression was used in an October 1997 brochure calling attention to the then proposed Waltzing Matilda Centre. The brochure contained the following reference to an aspect of the proposed activities of the WSC at the Centre: ‘Savour old-fashioned, home-baked bush fare at the Country Kitchen’.

The Full Court found that the lack of constancy in the use by WSC of the expression ‘Country Kitchen’ gave rise to an inference that...
WSC took some time in forming a settled intention as to the name under which the proposed country kitchen facility would trade. The court was also persuaded by the fact that at no time since publication of the advertisement had there been any use of the name ‘Waltzing Matilda Country Kitchen’, whether in connection with the Waltzing Matilda Centre or otherwise.

This combination of facts led the court to hold that the advertisement referring to the ‘Waltzing Matilda Country Kitchen’ could not be characterised as use of the WALTZING MATILDA trade mark in relation to country kitchen services in the course of trade. The Full Court found that, on the balance of probabilities, it was not possible to identify an intention on the part of WSC, existing before Ms Lomas’s priority date, to offer or supply country kitchen services using the WALTZING MATILDA trade mark. Further, the Full Court was not persuaded that Ms Lomas’s initial application for the mark WALTZING MATILDA should be rejected on the ground that Ms Lomas was not the owner of the mark as at the date of her application.

This is the first time the Full Court of the Federal Court of Australia has considered ownership of a trade mark under section 58 of the Trade Marks Act 1995. The Full Court has affirmed the established principles applying in proprietorship cases.

In discussing the considerations relevant to an application for leave to appeal from the decision of a single judge of the Federal Court, the Full Court followed Imperial Chemical Industries PLC v E.I Du Pont [2002] FCAFC 264 in stating that before refusing leave to appeal, the court should be satisfied that it is clearly beyond doubt that there has been no error by the single judge in his or her decision on the opposition, and that any trade mark, if granted, should be expunged. In commenting on the leave to appeal provisions of the Trade Marks Act, the Full Court concluded that there should not be a full exploration of the prospective validity of a trade mark on an appeal in an opposition proceeding.

This decision shows that it will be important to show a settled intention to offer the goods or services under the trade mark at the claimed priority date. Constancy of use of the trade mark in question will assist with establishing that intent.

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TRADE MARKS

Competition for colours: choose your trade mark out of left field

*Philmac Pty Limited v The Registrar of Trade Marks* [2002] FCA 1551

A recent decision of the Federal Court to allow the registration of a colour as a trade mark provides welcome clarity and guidance to traders seeking to use colour as a badge of origin to distinguish their goods from those of others.

By Colin Oberin, Partner, and Samantha Christie, Senior Associate

The judgment sets out four clear criteria to determine whether a colour trade mark is inherently registrable. These criteria should be borne in mind if a colour trade mark application is contemplated, and before any significant investment is made in colour branding. The key message is that the chances of achieving registration of a colour as a trade mark will likely increase if you choose a weird colour ‘out of left field’ that is not commonly used, useful or obvious for your goods or services.

Registering colour as a trade mark

The *Trade Marks Act 1995 (Cth)* specifically provides that any colour, letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, sound or scent, or any combination of these, may be registered as a trade mark. Despite this clear statement, it has been difficult to register a colour as a trade mark in Australia. For example, the Australian Trade Marks Office (ATMO) recently refused registration of the colour purple for chocolate and confectionary, despite evidence of more than 70 years’ use being submitted by the applicant, Cadbury Limited. That decision is on appeal to the Federal Court of Australia.

The *Trade Marks Act* provides that a colour or any other trade mark will be registrable if:

1. it is inherently adapted to distinguish the goods in relation to which registration is sought (for example, an invented word such as KODAK), or
2. the mark has become associated by the public with the goods of a particular trader through use in the marketplace (distinguishes through use).

In the recent decision of *Philmac Pty Limited v The Registrar of Trade Marks*, a single judge of the Federal Court overturned the decision of the ATMO to refuse Philmac’s application to register the colour terracotta as a trade mark for components of plastic fittings used for irrigation equipment. The ATMO had refused registration for this colour trade mark on the basis that it was not inherently adapted to distinguish Philmac’s goods and had not been shown to distinguish Philmac’s goods through use in the market place.

On appeal, the judge examined the evidence afresh, and found that the colour, terracotta, for the compression fittings for irrigation pipes was not inherently adapted to distinguish Philmac’s irrigation fittings from those of other traders. However, he was persuaded by Philmac’s evidence that through extensive use of the colour as a trade mark in the marketplace, the terracotta colour had, in fact, come to distinguish its irrigation pipe fittings from those of other traders.

**When will a colour trade mark be inherently registrable?**

The Federal Court reaffirmed that the traditional test for marks being inherently adapted to distinguish also applies to colour marks:

- if a *properly motivated* competing trader might think of a colour and wish to use it in connection with similar goods, the use of [that] colour as a distinguishing feature of a trader’s goods will not be inherently adapted to distinguish that trader’s goods from those of others [*emphasis added*].

This test should be borne in mind if a trade mark application for a colour is contemplated. We discuss below what this test means in practical terms.

After stating the relevant test, the judge went on to set out the circumstances when other *properly motivated* traders might think of the particular colour and wish to use it:

- if the colour denotes a
meaning, such as red signifying ‘hot’ for taps;

• the colour has practical utility such as by improving the functionality or durability of the product, for example heat absorption by the colour black;

• where the colour is the naturally occurring result of the manufacturing process, for example terracotta roof tiles or pots;

• where the colour that is the subject of the application, or any shade of it that might be deceptively similar to that colour, might naturally and legitimately occur to another trader as a choice of colour for application to goods in the same class because of a proven competitive need to use colour in the relevant industry – for example, to identify particular characteristics of products.

The court found that none of the first three circumstances applied in Philmac’s case. The court nevertheless reached the conclusion that Philmac’s colour mark was not inherently adapted to distinguish on the basis of the fourth criterion. This was because of a finding that colour was used by others in the irrigation market as a means of distinguishing between products with different measurement and performance characteristics.

The court also reached this view after finding that Philmac chose the colour terracotta, not because it was an unnatural and unusual choice for application to compression fittings for irrigation piping, but because it was in fact an obvious and apt choice for application to such goods.

This finding led to the conclusion that ‘at the time of the Philmac application, another honest trader might also legitimately desire to apply the colour to the same class of goods’.

Market competition for colours

In discussing the competitive need to use colour, the Federal Court was particularly concerned not to limit the range of colours available to manufacturers of goods of the same type as those of Philmac’s application. The judge referred to the ‘colour depletion’ argument, which basically states that, if an applicant for a trade mark were to monopolise red in all its shades, the next manufacturer may monopolise orange in all its shades, and the next yellow in the same way, and that therefore the range of colours available to traders would soon be depleted to the point of exhaustion.

The judge referred with approval to the American case of Pink Insulation Batts [774 F2d 1116 (1985)] where the court held that ‘where there is no competitive need for colours to remain available, the colour depletion argument is an unreasonable restriction on the acquisition of trade mark rights’. The judge considered it important that the competitive need for colours remain available.

However, Justice Mansfield distinguished the Pink Batts case on the basis that, on the evidence before him in relation to the irrigation industry and irrigation pipe fittings, there was a proven competitive need for colours to remain available. He was persuaded by evidence of the use of colour by other manufacturers as a means of distinguishing between products with different measurements and performance specifications (both in the broader irrigation market, as well as for the narrow range of goods for which the Philmac application was made).

In such circumstances, the court found that ‘it is not an unreasonable restriction on the acquisition of trade mark rights to have regard to that competitive imperative and preclude the granting of a monopoly in a colour applied to goods’. The judge found that in the irrigation pipe fittings industry, the existence of this competitive need for colours to remain available ‘renders it more likely in fact that other traders are likely, in the ordinary course of their business and without any improper motive to desire to use’ the colour in connection with their goods.

Choosing colours: out of left field

The court was concerned to not suggest that a single colour applied to goods may never be inherently adapted to distinguish an applicant’s goods from other traders, explicitly stating that it would not be ‘in accordance with the Trade Marks Act to reject a trade mark purely on the basis that rejection would secure a monopoly over part of what is in reality a limited resource’.

While not being required to determine the issue in this case, the judge noted that, if the colour chosen were ‘an out of left field choice’ in relation to the particular goods, this would assist the registrability of a colour mark, notwithstanding the competitive need for the use of the colour in the relevant market.
The judge gave the example of pink for insulation batts and lilac purple for irrigation pipe fittings. In the judge’s view, a trade mark application for such a weird colour might lead the court to consider that the mark applied for was, to some extent, inherently adapted to distinguish. Such a finding would place a less stringent evidentiary burden on a trade mark applicant seeking to satisfy the registrability requirements of the Trade Marks Act.

Colour distinguishing through use

After finding that Philmac’s terracotta colour, (being a natural and obvious choice of a colour to be used on goods in this industry), was not inherently adapted to distinguish Philmac’s goods from those of other traders, because of the proven competitive need for colours to be available in the irrigation pipe fitting market, the court went on to consider whether, through use in the market, the colour terracotta did in fact distinguish Philmac’s goods from those of other traders. The judge found that the colour terracotta, the subject of Philmac’s application, did in fact distinguish its goods. This was despite the absence of any market survey evidence or the evidence of an independent marketing expert.

Type of evidence required

In reaching the conclusion that the terracotta colour did in fact distinguish Philmac’s goods from those of other traders, the judge noted:

- the extensive advertising and other promotional material relied on by Philmac ‘that expressly drew attention to the colour as a point of difference between its product and the product of others’;
- the evidence of dealers, spread geographically across several states of Australia, which indicated that both they and their customers recognised the Philmac rural B fittings by reference to the terracotta-coloured insert, and that the colour on that part of the product accordingly distinguished Philmac’s goods from those of its competitors;
- that no other manufacturer of goods of the same class had in fact adopted the use of a colour similar to Philmac’s terracotta in a manner that would diminish the factual ability to distinguish Philmac’s rural B fitting; and
- the fact that there was no evidence that the colour red employed by a competing manufacturer on its rural fittings might be, or had been, visually confused with the colour employed by Philmac.

The importance of the visual effect of colour

While finding that the use of the colour terracotta did in fact distinguish Philmac’s irrigation fittings from those of other traders, the judge allowed Philmac leave to amend its trade mark application to remove from the claimed goods one of the components of the irrigation pipe fittings that was not in fact visible when sold to dealers and customers.

The judge noted that colour is a visual effect, and that, unless it is a visible feature of the goods for which registration is sought, the colour cannot be capable of distinguishing those goods in the course of trade from those of other persons. This factor should therefore be considered in any application for a colour trade mark relating to goods with interconnecting parts or other components, which may not always be visible at point of display or sale.

Summary of requirements

If you wish to apply for registration of colour as a trade mark, following the Philmac decision, and subject to any appeal of this decision by the Registrar of Trade Marks, the mark is unlikely to be accepted for registration on the basis of its inherent adaptability to distinguish unless the following four circumstances are established to the satisfaction of the decision maker:

- the colour does not serve an ornamental function – that is, it does not denote a meaning, such as red for danger;
- the colour does not serve a utilitarian function – that is, it does not improve the functionality or durability of the product; for example, heat absorption by application of the colour black;
- the colour does not serve an economic function – that is, the colour is not the natural occurring result of the manufacturing process, for example terracotta roof tiles or pots; and
- the colour is not sought to be registered where there is a proven competitive need for the use of colour, and, in a
DESIGNS

A radical overhaul of Australian designs law is now in sight

The Designs Bill 2002 and the related Designs (Consequential Amendments) Bill 2002 propose significant – and long overdue – changes to law and practice in Australian designs. We look at the background to this reform, the main changes that the Bills set out and, crucially, the implications for design right owners and for industry in general.

By Chris Bird, Special Counsel

Australia’s existing design legislation dates back to 1906. It is fair to say that it is no longer meeting the needs of most of those using the system, having proved ill-suited to developments in industry and commerce. The new Designs Bill 2002 (the Bill) – along with the related Designs (Consequential Amendments) Bill 2002 – serves to rectify the anomalies that have been identified in the existing law, and to introduce many other significant changes.

An extensive review by the Australian Law Reform Commission Report in the early 1990s made clear that a number of important areas were ripe for reform, and an exposure draft Designs Bill was released in 2001. Substantial consultations with interested parties followed, leading to significant revision, and the new legislation was recently introduced into Parliament. The main changes proposed are set out below.

Stricter registrability requirements

One of the key changes envisaged by the Bill is a raising of the bar to obtaining a valid registered design. The requirement under the existing system that a design must be either new or original has been criticised as providing too low a threshold of validity. The Bill proposes a new two-part threshold test, namely that the design must be both new and distinctive. A new design is defined as one that is not identical to a design that forms part of the prior art base (material available in the public domain against which designs are judged), while a distinctive design is defined as one that is not substantially similar in overall impression to a design that forms part of the prior art base. The Bill sets out objective standards to aid in the interpretation of this new test, and this should assist both users of the system and third parties.

Importantly, the prior art base will be expanded to include designs used previously in Australia, and

Conclusion

The Philmac case is to be welcomed as a clear statement of the circumstances in which a colour will be considered as inherently adapted to distinguish one trader’s goods from those of others. The case also offers guidance on the type of evidence that will be needed to achieve registration of a colour mark, particularly where it is not an unusual ‘out of left field’ choice or a weird colour.

8 Philmac Pty Limited v The Registrar of Trade Marks [2002] FCA 1551
A new registration process

Another significant change is the introduction of a more streamlined registration process. Under the new system, applications will undergo only a formalities check prior to being registered and published, thus allowing design owners to put their claimed monopoly rights on public record without having to go through a costly examination process. However, the owner of the design will be unable to enforce that right until the registration has been through substantive examination. Such examination can be requested by the owner or by a third party, or the Registrar of Designs may make a decision to examine a registered design.

A shorter term of protection

The maximum lifetime of a registered design is currently 16 years from the application date. The Bill reduces this to 10 years, and this change is likely to raise substantial controversy across industry. The Government decided not to go beyond the minimum obligation under TRIPS, for the simple (and some might say simplistic) reason that Australia is a net importer of intellectual property.

Infringement – a new test

An important objective of the Bill is to provide a stricter test for infringement of a registered design, as the current system has been roundly criticised as inadequately protecting against free-riders.

The current Act defines infringement as the application of the design (without the consent of the owner) or of any obvious or fraudulent imitation of the design. Over the years, the courts have found it difficult to interpret these requirements, and have not done so in a manner generally favourable to design owners.

The new Bill broadens and clarifies the scope of infringement. Importantly, it replaces the current test with one that is consistent with the definition of distinctiveness (see above). This means that it is an infringement if a person creates a product that embodies a design that is substantially similar in overall impression to a registered design.

Further, the Bill provides for improved enforcement and dispute resolution procedures for design owners claiming infringement. With regard to a court’s discretion in awarding remedies, a more stringent test is set out for primary infringement (making or offering to make) than for secondary infringement (all other infringing acts).

Infringement – a carve-out for spare parts

One of the major changes that will be effected by implementation of the Bill is the scope of protection afforded to designs for spare parts, this issue having been the subject of much discussion and enquiry since 1995.

After considering a number of options, the Government has decided to allow what is known as ‘a right of repair’. While rights will attach to designs for spare parts, there will now be an absolute defence to infringement for use of a design for a defined repair purpose. Manufacturers, suppliers and users of repair or replacement parts will thus be exempted from liability from infringement where they use a part subject to a design registration to repair the original product. Use is defined very broadly and will catch most commercial dealings.

Importantly, the onus of proof in any infringement action falls upon the design owner, who must show that the person using the design knew (or ought reasonably to have known) that the use was in fact for a non-repair purpose.

Although the wording of the relevant provisions in the Bill leave some room open for interpretation, the policy intent is clear. This will be a very controversial area for those in the spare parts market (particularly in the vehicle industry), and IP Australia has indicated that it will monitor the operation of the spare parts provisions and conduct a formal review of their effectiveness before the end of 2005.

The designs/copyright overlap

The new legislation also amends the Copyright Act 1968 to better reflect the policy intent behind its design/copyright overlap provisions, which ensure that protection is not available under both the Copyright Act and Designs Acts 1906 for the same product, and to limit copyright protection in the case of essentially industrial products.
The so-called overlap in protection arises from the fact that a copyright owner of a two-dimensional artistic work, such as a design drawing, may also have the exclusive right under the Copyright Act to reproduce this in three-dimensional form (for example, by manufacturing the article). In the absence of overlap provisions, both copyright and design protection could be used cumulatively, with protection then available for the article for up to 50 years after the author's death.

Where a ‘corresponding design’ is registered, the Copyright Act provides that copyright in the artistic work is not infringed by reproducing the work by applying it to an article. Copyright protection is also unenforceable for designs unregistered or unregistrable under the Act if the artistic work has been applied industrially and the resulting articles dealt with commercially. The only exceptions to this defence are if the works in question are works of artistic craftsmanship, buildings or models of buildings, or the designs are specifically excluded from registration under the Designs Regulations.

The provisions of the Designs (Consequential Amendments) Bill 2002 clarify the meaning of the term ‘work of artistic craftsmanship’, amend the definition of ‘corresponding design’ to close certain technical loopholes, provide that certain acts do not infringe copyright where they relate to the making or sale of non-infringing products, provide that the exemption from the overlap provisions for buildings or models of buildings does not extend to portable buildings, confirm that publication in a patent specification or a representation in a design application relating to the corresponding design is deemed to be ‘industrial application’ of that corresponding design, and clarify when industrial application occurs for the purpose of the relevant provisions of the Copyright Act.

The amendments proposed do not therefore change the copyright/designs overlap policy, but are intended to give greater clarity and legal certainty to the relevant provisions.

What does this mean for you?

Many of the changes outlined above will go a long way towards answering the needs of industry. The simpler registration process, the clearer and higher threshold for registrability, and the enhanced test for infringement, should substantially assist designers in obtaining and using registered designs. However, the reduced term and the new defence for spare parts might well serve to offset these advantages. The timetable of the Bill through Parliament is at present unclear, and no draft regulations have yet been tabled. It is still possible that lobbying by industry groups will lead to further amendment before the new law is passed.
Stamp duty aspects of dealings with intellectual property

The amount of stamp duty payable when you deal with intellectual property will depend on the terms of the relevant transaction and instrument.

By Peter Allen, Partner

Introduction

The purpose of this article is to cover basic stamp duty issues that arise when you deal with intellectual property.

We deal with the most traditional forms of intellectual property, such as patents, copyright and trade marks, although the definitions of intellectual property in the relevant legislation are wider than these types of intellectual property. The amount of stamp duty payable will depend on the terms of the relevant transaction and instrument.

These comments are directed only to the grant of a licence of intellectual property, a transfer of intellectual property and an option to acquire intellectual property. Other dealings, such as a mortgage of intellectual property, will raise different issues.

Overview

Stamp duties in Australia have undergone great change. The previous view was that certain items of intellectual property were creatures of Commonwealth legislation and therefore were situated throughout Australia, rather than in any particular State or Territory. This gave rise to problems for the various State revenue authorities in attempting to tax dealings with such Commonwealth intellectual property.

A number of the jurisdictions, led by the Northern Territory, have introduced a concept of ‘dutiable property’. This extends to certain types of intellectual property. Specified dealings with dutiable property are dutiable transactions.

South Australia and Western Australia still maintain the traditional treatment, namely seeking duty on conveyances of property. Western Australia, however, has announced significant changes to its Stamp Act. One of these is to broaden the conveyance duty base in that State by including intellectual property transferred in conjunction with a business. This change is anticipated to be in place by the end of 2003.

Grant of licence of intellectual property

A grant of a licence of intellectual property should not be liable to duty in New South Wales, Victoria, Tasmania and the ACT, provided the licence is not within the definition of franchise arrangement.

A grant of a licence should not be dutiable in Queensland, provided the grant is not a ‘new right’.

In Western Australia and South Australia, conveyance includes vesting. You must ensure that the licence granted to use the IP is a mere personal right rather than a proprietary right. This is not a straightforward issue and will be determined by the extent of the rights granted by the licence.

If the intellectual property in question is a creature of Commonwealth statute, then it should be possible to structure the transaction so that there is no connection with either State, although South Australia has some additional hurdles.

If intellectual property is owned by a company taken to be registered in South Australia by the Corporations Act, or a resident of that State, then intellectual property is deemed to be situated in South Australia.

In South Australia, if the intellectual property is a business asset, then it is deemed to be situated in South Australia to the extent that the business is carried on there. Apportionment rules are contained in the South Australian Act.

A grant of a licence may also be liable to mortgage duty in Western Australia, if the licence contains obligations to pay periodic licence fees. The Western Australian Government has foreshadowed that this taxing event will be removed from the Western Australian Stamp Act. Again, this is anticipated by the end of 2003.
The grant of a licence of intellectual property can be liable to conveyance duty in the Northern Territory if it is in connection with a business undertaking. The grant of an interest in a patent, registered design or copyright can be dutiable, even without a business.

Transfer of intellectual property

Transfers of intellectual property bring more risks of stamp duty, particularly if they are dealt with in a business transaction.

In New South Wales, ACT and Tasmania, a transfer of intellectual property can be liable to duty if:

- intellectual property has been used or exploited in the relevant jurisdiction in the past 12 months; and

- the intellectual property is transferred in connection with a disposal of a business situated in the relevant jurisdiction.

No duty is payable in Victoria on the transfer of intellectual property.

In Queensland, a transfer of intellectual property is liable to duty if the intellectual property is a Queensland business asset. To be such an asset, the intellectual property (which is widely defined) must be used for carrying on a current or former business that is conducted from Queensland or that involves supplies to Queensland customers. If the intellectual property is a Queensland business asset, it will only be dutiable if it is transferred along with another different type of Queensland business asset.

It is also necessary to be satisfied that the intellectual property in question does not constitute an ‘existing right’, which is another species of dutiable property in Queensland.

Conveyance duty is payable in the Northern Territory on the transfer of a right to use in the Northern Territory certain types of intellectual property used in connection with a business undertaking situated in that Territory. An outright transfer of a patent, registered design or copyright is also liable to conveyance duty.

For transfers of intellectual property in Western Australia and South Australia, see the previous discussion on grants of a licence to use intellectual property. The same position applies, bearing in mind the changes announced in Western Australia.

Option to acquire intellectual property

An option to acquire intellectual property should receive the same stamp duty treatment as a transfer of the same type of intellectual property, except in New South Wales, Victoria and the ACT. In these jurisdictions, an option to acquire intellectual property should not be dutiable.

Conclusion

Licences of intellectual property for Australia and the transfers of intellectual property require examination of the stamp duty legislation in each State and Territory of Australia. There is no uniform treatment of the issue between the jurisdictions.

While most types of grants of licence should not be liable to duty, the risks of conveyance duty increase where the relevant dealing is a transfer of intellectual property or where the grant or transfer is in connection with a business undertaking.

This is a general note only. Specialised advice should be taken on your specific circumstances.
COPYRIGHT

Copyright in Papua New Guinea – Copyright and Neighbouring Rights Act 2000

The Papua New Guinea Government’s Copyright and Neighbouring Rights Act 2000 (the Act) came into effect on 1 July 2002, and was based on WIPO model legislation for the Pacific Islands region.

By Kirsten Kobus, Lawyer, and Prataal Raj, Law Graduate

What is protected and how?

The Act applies to a broad range of literary and artistic works, as well as sound recordings and broadcasts.

The Act theoretically affords a large degree of protection for copyright holders. The works of citizens of PNG, as well as performances taking place or works first published in PNG, are protected. While the Act expressly refers to the recognition in PNG of copyright in subject matter that originated in a foreign country, the machinery by which that recognition is to be put into effect has not yet been finalised.

Provision is also made in the Act for the protection of an author’s moral rights and expressions of folklore.

Protection is automatic with no system of registration in place.

Term of protection

The Act protects copyrighted works for the life of the author, plus 50 years from the date of their death.

A work of applied art, defined in the Act as ‘an artistic creation with utilitarian functions or incorporated in a useful article whether made by hand or produced on an industrial scale’, is protected for 25 years from the making of the work.

Infringement?

The legislation gives courts the power to order injunctions. Courts can also impound suspected unauthorised copies, implements that could be used for the making of copies, and business documentation.

Criminal sanctions include fines of up to K100,000 and/or up to ten years’ imprisonment.

Civil damages are available under the Act. Other penalties available are the destruction of infringing copies, or the surrender of implements.

Administration

PNG has an Intellectual Property Office (IPO), which operates under the Investment Promotion Authority. The IPO, however, does not have responsibility for the administration of the Act, with this being given to the National Cultural Commission (NCC). At this stage, the NCC would appear to have done little in the way of implementing or enforcing the Act.

We will provide updates on this new legislation and on the protection it affords to overseas copyright owners as developments occur.
COPYRIGHT

Senate passes Copyright Amendment (Parallel Importation) Bill

The Copyright Amendment (Parallel Importation) Bill 2002 was passed by the Federal Parliament on 27 March 2003. Parallel importation means the importation into Australia of legitimately made ('non-pirate') copyright subject matter for commercial use without requiring the permission of the Australian copyright holder.

By Jim Dwyer, Partner, Miriam Stiel, Senior Associate, and Prataal Raj, Law Graduate

Background and policy

The Bill as passed includes a number of amendments to the version that was introduced into the House of Representatives in March 2002 and debated in December 2002. An identical Bill had previously been introduced in 2001, but lapsed when the election was called later that year.

The Government

The Bill was introduced as an extension of the Government’s policy, which saw the Copyright Act amended in 1998 to allow the parallel importation of sound recordings (music, CDs and tapes). In the original Bill, the Government sought to permit the parallel importation and subsequent commercial distribution of:

(a) computer software products, including computer games and enhanced CDs; and
(b) books, periodicals, publications, such as journals and magazines, and sheet music.

The Government argued that lifting restrictions on parallel importation would benefit Australian consumers by reducing prices and increasing availability of copyright material. This position has been strongly advocated for many years by the Australian Competition and Consumer Commission (the ACCC), although the evidence upon which the ACCC based its claims has been heavily criticised.

The Government has not sought to extend its policy of relaxing parallel importation restrictions to films.

Australian Labor Party

The ALP has been opposed to the Bill throughout the legislative history of the Bill. It has focused on the need to strengthen intellectual property protection and reduce piracy.

The ALP argued that the priority should be to introduce the recommendations made by the Parliamentary Inquiry, which examined the enforcement of copyright in Australia (the Andrews Committee) in its report, handed down more than two years ago.

Under the ALP’s ‘use it or lose it’ policy, where an Australian copyright holder has not released its products onto the Australian market, others would be entitled to import them without infringement.

The Australian Democrats

The Democrats, who hold the balance of power in the Senate, were originally opposed to the lifting of any further parallel importation restrictions. However, they recently entered into a deal with the Government, which resulted in:

(a) the removal of books and other printed material from the ambit of the draft legislation; and
(b) the inclusion of provisions that are said to produce ‘a more robust anti-piracy and copyright regime’.

Key provisions of the Bill

The ‘parallel importation’ provisions

When the Act comes into force, it will be lawful to import into Australia and subsequently commercially distribute:

(a) computer software;
(b) computer games; and
(c) enhanced CDs.

• Under the new provisions, in an action for infringement, an imported computer game or other software product is presumed to be an infringing copy unless the defendant proves otherwise. A similar presumption already exists for civil importation actions involving sound recordings.
The provisions also close what the Federal Government asserts is a ‘loophole’ in the current legislation, which allows some Australian rights holders to prevent the parallel importation of sound recordings by relying on the copyright in secondary material (for example, computer programs or short video clips) included on a music CD.

Following the decision of the Federal Court in Australian Video Retailers Association v Warner Home Video Pty Ltd (2001) 53 IPR 242, which considered whether a motion picture embodied on a DVD should be characterised as a cinematograph film or a computer program, the Bill has introduced an amended definition of ‘feature film’, which is aimed at ensuring that films made for the home DVD market, which have an interactive capability, like other films, are excluded from the parallel importation provisions.

The enforcement provisions

The enforcement provisions, which will be introduced when the Act comes into force, draw on some of the recommendations made by the Andrews Committee. A large number of the recommendations have not been addressed in this legislation, although the Government has yet to issue a formal response to the Committee's 2000 report.

(a) Punitive damages

The provisions of the Copyright Act that allow a court to award additional damages for serious infringement have been extended so that the court can now take into account:
(i) the flagrancy of the infringement;
(ii) the need to deter similar infringements of copyright; and
(iii) the defendant's conduct after being made aware of the alleged infringements, in awarding such damages.

(b) Evidentiary provisions

For the first time, Australian law will accept foreign certificates, such as US copyright registration certificates, as prima facie evidence of copyright subsistence, ownership and the year and place of first publication.

Where a defendant puts subsistence and ownership in issue, presumptions can also now be drawn from:
(i) the inclusion of an appropriate copyright line on the product or packaging; or
(ii) a statement regarding chain of title from the copyright owner, in civil proceedings and criminal prosecutions.

These presumptions can be displaced by contradictory evidence from a defendant.

(c) Jurisdiction

The jurisdiction to hear civil copyright infringement cases has been extended to the Federal Magistrates Court, in addition to the existing jurisdiction conferred upon the Federal Court of Australia under the Copyright Act. This does not affect the jurisdiction to hear copyright matters which is given to additional courts by other legislation, such as the Judiciary Act.

(d) Penalty

The maximum criminal penalty for the infringement of copyright by importation for the purpose of distribution or sale has been increased by $11,000 to $71,500 per offence for individuals, and by $55,000 to $357,500 for corporations.

Other amendments

The Act also includes some minor amendments to correct typographical errors in the Copyright Amendment (Digital Agenda) Act, which came into effect in 2001.

Commencement

There are two relevant commencement dates:

(a) The parallel importation provisions will come into effect on the day on which the Act receives Royal Assent. The latest information that we have from the Attorney-General's Department is that the Act is likely to receive Royal Assent within two to three weeks from 27 March 2003, when the Bill was passed through both Houses of Parliament.

(b) The enforcement provisions will come into force 28 days after the date on which the Bill receives Royal Assent. The legislation prescribes that a review into the impact of the enforcement amendments must be conducted four years after the provisions come into effect.

The amendments, which correct the typographical errors in the Copyright Amendment (Digital Agenda) Act, have retrospective effect, from 4 March 2001.
COPYRIGHT

Supreme Court upholds Congress’s 20-year extension for US copyright holders

The US Supreme Court has upheld the constitutional validity of the Copyright Term Extension Act.

By Prataal Raj, Law Graduate

The background

In 1998, the US Congress passed the Copyright Term Extension Act (also commonly referred to as the ‘Sonny Bono Copyright Extension Act’, after the late entertainer Sonny Bono, who had lobbied for extending the duration of copyright).

The Act extended the period for all existing copyrights by 20 years to the life of the author, plus 70 years. Copyrights held by corporations were extended to 95 years from publication. This brought the US into line with the European Union, which instituted these terms for copyright protection in 1996.

One of the driving forces behind the lobbying of Congress in support of this legislation was the Walt Disney Corporation. Disney’s Mickey Mouse would have entered the public domain without the passing of this legislation, and some of their films were nearing the end of their 75-year copyright term.

The decision

The US Supreme Court (in a majority of 7-2) recently upheld the constitutional validity of this Act.

The majority opinion, delivered by Justice Ginsburg, held that the Act was within Congress’s authority and did not ‘transgress constitutional limitations’.

Importantly, the majority viewed its role as assessing whether Congress had a right to legislate in the area rather than looking at its ‘wisdom’ in doing so.

Justice Breyer, in dissent, placed weight on the ‘effect’ of the Act, which would be to inhibit rather than promote the progress of ‘Science’ and pointed to the extended term of protection being given not to the authors, but rather to ‘their heirs, estates, or corporate successors’.

Justice Stevens, also in dissent, saw the Act as neither ‘encouraging new inventions’ nor ‘advancing progress’ due to its retrospective nature. Also important were the legitimate expectations of the public to be able to make use of works at the expiration of terms specified.

Implications for Australia

This decision has no direct implications for Australian copyright holders, as it relates to a US Act.

Any changes to lengths of protection under the Australian Copyright Act would need to be legislated by the Australian Government, and there has been no indication that this is on their agenda.

Comment

Copyright owners should be aware of the keen interest with which these amendments will have been followed by those involved in the manufacture and importation into Australia of counterfeit computer software and games. It must be acknowledged that there is a real risk of an increase in the levels of pirate copies being imported once the new law comes into effect.

The effects of this new legislation need to be considered carefully, in conjunction with Australia’s trade practices legislation.
INTERNET

The Gutnick decision and its implications for Australian trade mark law

Dow Jones & Company Inc v Gutnick [2002] HCA 56

The Australian High Court decision in Dow Jones & Company Inc v Gutnick provides a much-needed signpost on the way in which Australian courts will treat communication over the Internet for the purposes of trade mark law.

By Jim Dwyer, Partner, and Marina Lloyd Jones, Law Graduate

The question whether the registration or use of a domain name may amount to trade mark infringement is one that has been given little judicial consideration in Australia, and which therefore requires an awareness of the Internet’s impact in other realms of the law. The Australian High Court decision in Dow Jones & Company Inc v Gutnick provides a much-needed signpost indicating the manner in which Australian courts will treat communication over the Internet for the purposes of trade mark law.

The decision

The Gutnick decision makes the Australian High Court the highest appellate court in any country to consider the issue of jurisdiction for the purposes of publication of defamatory material on the Internet. The decision effectively determined that in cases of defamation, material is ‘published’, and defamation therefore occurs, at the place where that material is viewed (or downloaded) rather than where it is posted (or uploaded) onto the Internet.

The proceedings were initiated by Joseph Gutnick, a prominent Victorian businessman, regarding an allegedly defamatory article that appeared in Barron’s, a magazine published by Dow Jones. The magazine was also available on a subscription website, which had a number of Australian subscribers. Gutnick commenced proceedings in the Supreme Court of Victoria, complaining of publication in Victoria only, and offered an undertaking not to sue in any other jurisdiction. Dow Jones argued that the online version was not published in Victoria but in New Jersey, the site at which material was uploaded from the web server each time a copy of the material was requested. They alleged that downloading was an independent action, akin to ‘self-publishing’, for which they could not properly be held responsible. The plaintiff insisted that downloading was an intended and natural consequence of the defendant’s control of the entire process of publication, from procuring subscribers to its website, to composing the article and placing it on its web server. The plaintiff’s argument, ultimately accepted by Justice Hedigan, and eventually the High Court, was that actionable publication does not occur unless and until a defamatory meaning is conveyed to a hearer or reader, in other words where the subscriber ‘downloads’ the article onto their computer screen.

Dow Jones’ argument – taming the potential for multi-jurisdictional liability by updating defamation law

Dow Jones had argued that the Internet was such a unique mode of human communication that it required an entire reassessment of the law of defamation, so that material was deemed to have been published when it was placed on the Internet, rather than where it was accessed and read. This rule of ‘single publication’, which effectively called for the placement of an artificial limitation on defamation law’s concept of publication, would restrict the act of defamation to one jurisdiction.

In promoting this argument, Dow Jones relied primarily on public policy grounds raised by the unprecedented reach of the Internet. They alleged that, if the plaintiff’s argument were to succeed, online publishers would be exposed to potential liability in multiple jurisdictions and would require an awareness of defamation law in each of those jurisdictions. This, it was argued, would ‘chill’ free speech and terrify publishers into silence. Dow Jones also alleged that litigants would begin ‘forum shopping’ to find the jurisdiction
most favourable to their case (as would have been alleged in the Gutnick case, where Victorian defamation law is far more plaintiff-friendly than the laws on defamation in the United States).

**Gutnick’s argument – incorporating the Internet into defamation law’s well-settled boundaries**

Mr Gutnick successfully argued that the traditional formulation of publication occurring where material is communicated to, or comprehended by, the recipient should not be disrupted and that the law should remain media-neutral. Mr Gutnick submitted that the Internet, though a new and different medium, was merely part of the continuous cycle of technological development, and should be treated the same way as any other form of mass media. Well-established rules of defamation law required that publication of material occurred where information was comprehended, in this case where it was downloaded.

Mr Gutnick also relied upon policy grounds to substantiate his argument. He argued that Dow Jones’ suggested reformulation would mean that online publishers would locate their operations in jurisdictions like the US, where defamation laws favour defendants. Australian people whose reputation was damaged in Australia would be deprived of any recourse under Australian law.

The High Court’s approach – what does it mean for Internet publishing?

Dow Jones’ argument was unanimously rejected by the High Court, which adopted the approach that any communication occurring on the Internet will be treated in the same manner as other, more traditional, forms of communication. The decision is of undeniable importance for all publishers operating in or outside of Australia. If material that may be defamatory is placed on the Internet, publication will be deemed to have taken place at every point at which the material is downloaded, that is, seen or read. Online publishers will need to carefully consider whether the material they place online may be defamatory in any jurisdiction where it may be downloaded.

Although a number of observers have panicked about the potential scope of the Gutnick decision, it is essential to remember that there are a number of practical factors containing the number of jurisdictions in which an action may be brought:

- The relevant web site in Gutnick was restricted to paying subscribers, who were allowed access only after entering a password. This meant that the number of people downloading the material, and hence the number of jurisdictions in which publication could occur, was significantly less than if the material were freely available. The case may later be determined to apply only to this more restricted environment.

- The expense and complexity of conducting litigation means that plaintiffs will select a jurisdiction in which their case is most likely to succeed. For example, Mr Gutnick’s choice of Victoria to bring his action would have been motivated by the fact that Victorian defamation law is more plaintiff-friendly than that of the American jurisdictions.

- Many difficulties arise in attempting to enforce judgments in other countries. Plaintiffs are more likely to initiate proceedings only where a judgment can be executed against the defendant’s assets in that jurisdiction.

- Plaintiffs wishing to sue for defamation must have a reputation capable of being damaged in the specific jurisdiction in which they wish to bring their action. This factor limits significantly the number of jurisdictions that online publishers may need to consider when placing material on the Internet. As the High Court suggested in its judgment, online publishers are likely to know where liability for any defamation may occur by reference to where that person lives or conducts business.

Despite these considerations, the Gutnick decision does suggest that there is a potential for multiple defamation actions to be brought in relation to one occasion of publication. This is particularly the case where the person identified has a global reputation and limits their action in each jurisdiction to damage in that jurisdiction only.
The High Court’s approach – what does it mean for trade mark law?

Trade mark infringement on the Internet – the current law

Although no Australian court has handed down a final judgment that has addressed the question of infringement of registered trade marks on the Internet, an interlocutory injunction was recently granted in the Federal Court of Australia restraining the defendant from using a domain name including the plaintiff’s trade mark. Other proceedings involving similar issues have been brought in the Federal Court for passing off and for misleading and deceptive conduct under the Trade Practices Act 1974 (Cth).

Traditional instances of trade mark infringement are associated with the advertising and offering for sale of goods and supply of services to potential purchasers in the same jurisdiction. However, the nature of the Internet is such that the goods of a trader from any country in the world can theoretically be available for sale in Australia through the trader’s website. Plaintiffs claiming infringement of their trade marks registered in Australia must be aware that the offending trade mark use may very possibly have occurred on a website owned and maintained by a company in a foreign jurisdiction.

The Federal Court Rules

Where a foreign defendant has no assets in, or other obvious connection with, Australia, a plaintiff alleging trade mark infringement may only serve originating process outside jurisdiction where the proceeding is founded on:

- a cause of action arising in the Commonwealth;
- a tort committed in the Commonwealth;
- damage suffered wholly or partly in the Commonwealth, which is caused by a tortious act or omission, wherever occurring; or
- a breach, wherever occurring, of an Act, and is brought in respect of, or for the recovery of, damage suffered wholly or partly in the Commonwealth.\(^{11}\)

For the purposes of service of process and jurisdiction, trade mark infringement is treated as a tort-based wrong.

Breach of an Act or tort committed in Australia

To successfully argue that a breach of an Act or a tort is committed in Australia, a plaintiff must show that, although the offending material has been displayed on a foreign website, the trade mark has been used in Australia. Although a representation will be deemed to have taken place wherever a message is received and acted upon\(^{12}\) (as is the case for ‘publication’), it is only if a statement is directed from abroad at recipients in the forum, and intended to be acted upon there, that the tort has been committed in the forum.\(^ {13}\)

Therefore, for a foreign defendant operating a foreign website to infringe an Australian plaintiff’s trade mark, it would have to be established that the offending use of the sign was directed to potential Australian purchasers and that the defendant anticipated or reasonably knew that the material would be received by those potential purchasers in Australia.\(^ {14}\) To the extent that the foreign defendant makes it possible for an Australian consumer to purchase through its website (by providing an international toll-free number, for example), the content of the site can be said to be directed at Australian consumers. Proof, such as the fact that the foreign defendant has in the past exported to or received orders from Australia, would be relevant in satisfying these jurisdictional requirements.

In Gutnick, Justice Hedigan in the Supreme Court of Victoria rejected Dow Jones’ attempt to draw a distinction between “the apparently passive role played by a person placing material on a web server from which the would-be reader had to actively seek the material by use of a web browser and the (comparatively) active role played by a publisher of a widely circulated newspaper or a widely disseminated radio or television broadcast”.\(^ {15}\) In so doing, he demonstrated that an Internet publisher who places material on the Internet will be responsible for the effects of downloading.

Damage suffered in Australia

Alternatively, the Australian plaintiff could rely on damage suffered wholly or partly in the Commonwealth. A plaintiff must point, therefore, to some form of damage it has in fact suffered in Australia as a result of the foreign defendant using its registered trade marks, such as loss of sales. Gutnick suggests that Internet publishers may be responsible in any forum in which damage occurs, regardless of whether or
not they may therefore be liable in a multitude of jurisdictions.

Conclusion

Although not directly relevant to trade mark law, the Gutnick case represents an important reminder that Australian courts are willing to hold publishers of material on the Internet responsible for the effects of their actions wherever damage occurs, regardless of the possibility of suits in multiple jurisdictions.

The High Court has adopted the approach that any communication occurring on the Internet will be treated in the same manner as other, more traditional, forms of communication. Dow Jones had attempted to argue that the Internet presented such unchartered territory that it required an entire rethink of defamation law in its application to material communicated over the Internet. However, on the High Court’s approach in Gutnick, foreign defendants who infringe Australian trade marks via the Internet, such as through the registration of a domain name containing another person’s trade mark, may be liable despite the fact that the material was posted in a foreign jurisdiction.

10 Buchanan Group Pty Ltd v Sorgetti (2002) FCA 1646 (19 December 2002) per Heerey J
11 Order 8 Rule 1, Federal Court Rules
12 Diamond v Bank of London and Montreal Ltd [1979] 1 QB 333
13 Voth v Manildra Flour Mills Pty Ltd (1990) 171 CLR 538 at [61]–[63]
15 Gleeson CJ, McHugh, Gummow and Hayne JJ at para [19]
Remedies available to the complainant are limited to requiring the cancellation of the domain name or the transfer of the domain name to the complainant. A decision made under the auDRP is binding on both parties. The auDRP does not provide for an appeal. If the panel decides that the domain name should be transferred or cancelled, the respondent has 10 business days before the panel instructs the relevant registrar to cancel or transfer the domain name in which to show the panel official documentation that it has ‘commenced a lawsuit against the complainant’. The auDRP does not specify the nature of the ‘lawsuit’, but presumably it is contemplated that if the respondent commences such legal proceedings, it will claim relief under which the domain name is returned to it (for example, on the basis that the use and registration of the domain name by the complainant is likely to mislead or deceive members of the public). What is more likely, however, is a situation where an unsuccessful complainant commences legal proceedings against the respondent seeking orders requiring the cancellation or transfer of the domain name on the basis of the same rights which the complainant alleged before the panel.

The first decision between parties using the auDRP was given on 3 January 2003: Australian Drivers Rights Association v Australian Dust Removalists Association. The Australian Drivers Rights Association (the complainant) allowed its registration for the domain name www.adra.com.au to lapse in July 2002. The Australian Dust Removalists Association (the respondent) then registered the same domain name in September 2002. The complainant attempted to renew its registration of the domain name after September 2002 but was not allowed to do so by its domain name registrar because of the respondent’s registration. The complainant commenced auDRP proceedings on 14 November 2002, claiming that during the period of 21 July 1998 to July 2002 the website based on the domain name was actively used (at the expense of the complainant) to maintain contact with the members of the association and with government. The complainant asserted that its domain name registrar failed to renew the registration upon the claimant’s request of 23 May 2002, therefore allowing the domain name to lapse and become available to the respondent. It also claimed that it had spent ‘tens of thousands of dollars’ on the domain name identity during that period and that the respondent requested $30,000 to transfer the site back to the complainant, which was said to be well in excess of out-of-pocket expenses directly related to the domain name.

The complainant said that it had offered the respondent two free websites for two years with free hosting to relinquish the site, but that this had not been accepted. The panelist retained by IAMA, Dr John Brydon, decided that the complainant had not made out the three grounds of complaint required by the auDRP. The respondent did have a legitimate interest in the domain name, and in particular it had not registered the domain name in bad faith.

The dispute resolution process for this first case under the auDRP took a total of only six weeks (including the Christmas period). It is intended by the auDRP that a panel will decide a complaint on the basis of the submissions of the parties, and there will be no hearings unless the panel determines in its ‘sole discretion and as an exceptional matter’ that such a hearing is necessary. The auDRP brings the .au domain in line with many other country-specific domains around the world and, while the time taken for determination of disputes can be expected to lengthen when the number of complaints increases, the auDRP presents a more efficient means of obtaining a determination of domain name disputes than legal proceedings.

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16 See www.auda.org.au
17 Refer to www.auda.org.au/policy/audrp/
18 See www.ausregistry.com.au
TRADE MARKS

The new Hong Kong Trade Marks Ordinance

A new law and procedures will result in more efficient and cost-effective means of registering and protecting trade marks in Hong Kong.

By Ted Marr, Consultant

After a long review of its trade mark law, Hong Kong has adopted a new Trade Marks Ordinance (Cap.559), which will come into force on 4 April 2003. The Hong Kong Intellectual Property Department has decided to introduce, at the same time, a modern and streamlined system of Registry procedure, including online searches (to be extended soon also to the Designs and Patent Registers), and online publication of acceptance and registration of trade marks and of registrable transactions. This new law and procedures will result in a more time-efficient and cost-effective means of registering and protecting trade marks in Hong Kong.

Some important changes:

- There will be provision for the filing of multi-class applications.
- There will be a simplification of the Register, by removing the distinction between Part A and Part B of the Register: one registrability standard and a uniform level of protection for infringement will apply to all registered marks.
- The Ordinance expressly protects trade marks that are famous or ‘well known’ in Hong Kong.
- The new law expands the scope of what can be registered as a trade mark. The requirement for registration is only that the mark can be represented graphically, which will allow sounds and smells to be registered as trade marks.
- The new law introduces provisions for the registration of collective trademarks.
- Under the new Ordinance, an objection on relative grounds can be overcome by filing a letter of consent from the owner of the prior trade mark or the earlier right holder.
- Under the new law, the trade mark owner (or applicant), without intervention of the Registrar or direction by a court, will be able to disclaim any rights or agree to limitations or conditions.
- Under the new law, there will be no association of trade marks. The associations that are currently on the register will cease to have effect from the time the new Ordinance commences.
- The initial term of registration and subsequent renewal periods will be for 10 years.
- The period of non-use that may lead to cancellation is reduced from five years under the current law to three years under the new Ordinance. Moreover, application for revocation of registration can be made by any person, not just an aggrieved person.
Highly rated

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- Chambers Global 2002 - 2003
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