

# Intellectual Property News

14 July 2010

## Designs

### Australia

#### **Full Federal Court hands down first decision on *Designs Act 2003***

In *Keller v LED Technologies Pty Ltd*, the Court considered whether the importation, sale and distribution of combination rear lights for motor vehicles (the **Condor Products**) infringed certain light designs (the **LED Designs**) of LED Technologies Pty Ltd (**LED Technologies**). The Full Federal Court handed down its first ruling on the tests for validity and infringement of a design under the *Designs Act 2003* (Cth).

In considering whether the LED Designs were valid, the Full Court stated a registered design must be reasonably clear and succinct. It held that the Court should rely on expert evidence only to provide technical assistance to understand complicated designs, but ultimately it is for the 'Court to determine the meaning of a design'. The Full Court explained and applied the standard of the "informed user", stating such a user was one who is reasonably informed about products to which the design relates, and who focuses on obvious visual features of the relevant design. The Full Court also considered the distinctiveness of the LED Designs for the purposes of validity, and noted the tests for novelty or originality and infringement are connected. It said the alleged infringing design is to be assessed as to whether it is substantially similar in overall impression to the registered design in the context of the whole appearance of the competing designs. The Court determined a design can still be distinctive even where it is a combination of known features, provided it is not substantially similar in overall impression to a prior design. It would also take into account the state of development of the design's prior art base in determining distinctiveness. The Court held the registration of the LED Designs were valid, finding them to be reasonably clear, succinct and distinctive.

On the question of infringement, the Full Court stated that while two of the four features which distinguished the LED Designs from the prior art base were not present in the Condor Products, they revealed the same visual appeal and embodied a design that was substantially similar in overall impression to the LED Designs, infringing LED Technologies' design monopoly.

Click [here](#) to access the case.

# Copyright

## Australia

### **'Kookaburra' copyright owners receive 5% of 'Down Under' income**

The Federal Court has ruled that Larrikin Music Publishing is entitled to 5% of the income derived from the exploitation of its copyright in the song 'Kookaburra Sits in the Old Gum Tree' ('Kookaburra') in the Men at Work pop song 'Down Under'. The Federal Court previously held that Larrikin was successful in arguing that the flute riff of the 1979 and 1981 recording of Australian song 'Down Under' infringed its copyright by reproducing a substantial part of the musical work of 'Kookaburra', and were entitled to damages from the composers and recording companies of 'Down Under'. In these proceedings the court awarded damages for misrepresentations made by the respondents to collecting societies, but not for copyright infringement. In determining the appropriate percentage of damages to be awarded, Justice Jacobson considered a number of factors including the musical significance of the bars of 'Kookaburra', and the relative bargaining position of the parties. The key factors which influenced the Federal Court in arriving at this percentage (which was significantly lower than the 50% claimed by Larrikin) were 'the difficulty in detecting a similarity between the flute riff [of 'Down Under'] and the bars from 'Kookaburra', and the limited significant contribution of the bars of Kookaburra to the 'overall musical qualities of 'Down Under'.

Click [here](#) to access the case.

### **Injunction granted against Turkplus broadcasting ATV Turkish television channel**

The Federal Court has granted an application by United Broadcasting International (UBI) and Turkuvaz for an interlocutory injunction restraining Turkplus from infringing copyright in the broadcasts made by Turkuvaz by rebroadcasting the ATV Turkish television channel in Australia. Turkplus argued that it held a valid exclusive licence agreement to rebroadcast the channel in Australia, or alternatively that Turkuvaz could no longer deny they had such a licence as a result of their conduct and representations made to Turkplus. Turkplus relied on a letter from the General Manager of Turkuvaz which stated that Turkplus had the exclusive rights to re-broadcast the channel in Australia. However, the court found that the letter was only produced by Mr Erker for the purpose of enabling Turkplus to obtain Australian Broadcasting Authority permission to rebroadcast the ATV channel and did not constitute an exclusive licence agreement. The court held that the evidence leaned in favour of UBI and established that the applicants were entitled to the relief of an interlocutory injunction to restrain copyright infringement by Turkplus.

Click [here](#) to access the case.

## Copyright continued

### **Court finds no author of MSDS source code**

Acohs Pty Ltd has failed in its action against Ucorp Pty Ltd in the Federal Court for copyright infringement. Both companies are producers of Material Safety Data Sheets (MSDS), which must accompany the manufacture, importation or supply of dangerous and hazardous substances. The alleged copyright infringement involved HTML source code that Acohs had developed for use in a commercial software application that produced MSDSs for its clients. It was determined that while a source code can constitute an original literary work, there was no 'qualified person' for the code to be attributed to in the present case to bring it within the meaning of the Act. First, the source code could not be considered the work of any one human author - fragments of the source code were written by various programmers over many years, with further contributions by Acohs' employees who created individual MSDSs. Second, the source code could not be considered a work of joint authorship - there was no collaboration or communication between the programmers and the Acohs' employees in the development of the source code or individual MSDSs. The court recognised that certain individual MSDSs that were authored by Acohs' employees did involve works protected by copyright, however, as they had originally been produced for a client, these works were accompanied by a licence implied by law, which allowed them to be used in the manner and purpose that was contemplated between the parties. Jessup J determined that Ucorp's use of Acohs' copyrighted MSDSs was within the implied licence.

Click [here](#) to access the case.

### **Foo Fighters prepare for copyright fight in Australian Court**

The members of US rock band Foo Fighters have commenced legal action in the Federal Court alleging that an Australian advertising company RE/MAX Australia (**RE/MAX**) and the company's US head office have infringed their copyright. The dispute is over the music which was played in the background of two RE/MAX ads that ran on television in Queensland and were uploaded to the company's YouTube site which is alleged to contain "a substantial part" of the band's song 'Learn To Fly'. The band is seeking damages, interest and the handing over of all copyright infringing material. The case is set to be heard in August 2010.

## Copyright continued - International

### **Google succeeds in \$1 billion copyright infringement claim**

The US New York's District Court has ruled that Google Inc's YouTube website is not liable for copyright infringement. Viacom sued Google, the owner of YouTube video sharing website, for \$1 billion alleging 'intentional copyright infringement of thousands of Viacom's copyrighted works' (movies, TV shows and other content) uploaded to the YouTube website by users. The court held that YouTube's conduct satisfied the requirements for protection by the safe harbour provisions of the U.S. *Digital Millennium Copyright Act*. The Court held that an internet service provider is only under a duty to take action to remove infringing material in the event that it has knowledge of a specific and identifiable occurrence of infringement in an individual item. Thus, the provider will not be liable for copyright infringement where it has a general awareness that the service may potentially be used for infringing purposes or of a tendency of users to post infringing material on the site. Rather, copyright owners bear the burden of monitoring internet sites to identify infringing material. This decision may provide guidance to Australian internet service providers in determining whether their conduct falls within the scope of the equivalent Australian safe harbour provisions. Viacom has expressed its intention to appeal the decision to the Second Circuit Court of Appeals.

Click [here](#) to view the US ruling.

## Patents

### Australia

#### **Australia challenge ignited by the US success in invalidating patents on cancer gene**

Following from the recent significant decision by the US New York's District Court which, as we reported in our April edition, held that Myriad Genetic Inc.'s (**Myriad**) patents on DNA sequences related to the human breast cancer gene were invalid, that decision has sparked a landmark challenge against the validity of Myriad's similar patent in Australia. The action was instituted in the Federal Court on 8 June 2010 by Cancer Voice Australia and Ms Yvonne D'Arcy (a breast cancer sufferer) against four biotechnology firms including Myriad, and Genetic Technologies Ltd (the exclusive Australian licensee). The challenge will likely focus on the question of whether the isolation of genetic material which occur in nature from the human body is a discovery not an invention, such that the subject matter is not a patentable invention. Furthermore, whether ethics raises important questions on whether the body should be privatised and commercialised. This is the first time the Federal Court will make a determination on whether patents over isolated human genes are valid. Coinciding with this legal action, the Australian Senate Community Affairs Committee is currently conducting an inquiry into gene related patents. It has extended its reporting time to 2 September 2010 due to "*the extensive evidence received and the complex nature of many issues associated with this inquiry*". The implications on the future of gene related patents will be closely watched by many.

Click [here](#) to view the terms of reference for the Senate Inquiry.

## Patents continued - International

### **US Supreme Court rules on patentability of business processes— invention or abstract idea?**

The much awaited US Supreme Court decision handed down on 28 June 2010 in *Bilski v Kappos* has significant implications for the patentability of business processes. The Court held that Bilski's patent application for a method of hedging against the risks associated with monthly fluctuations in energy prices was not patent eligible as it merely manipulated an abstract idea and solved a purely mathematical problem. Of particular significance is that the Court's decision overturns US case law in support of the exclusive test for determining the eligibility of process patents under the US Patent Act being the "machine-or-transformation" test (which requires the invention to be performed by a certain machine or, the transformation of a physical article or at least data representative of a physical article, in order for it to be patent eligible). The Court did however clarify that the test remains a "useful and important clue" to determining the patentability of a business process. As a result, the decision clarifies the criteria to be used in assessing business method patent applications but increases the possibility that business method patents which do not involve a technological implementation are at risk of being considered invalid by the US Courts. The decision also draws the US patent law closer to Australia's.

Click [here](#) to view the decision.

## Trade marks

### Australia

#### **Mars successful in trade mark application for "Whiskas Purple"**

The Federal Court has accepted an application by Mars Australia (**Mars**) to trade mark the colour "Whiskas Purple" after competitor Nestle withdrew a seven year objection to the registration. The Registrar of Trade Marks initially rejected the application after finding the Whiskas Purple was not capable of distinguishing Mars' goods from other traders in the pet food industry, as required by section 41 of the Trade Marks Act (the **Act**). In setting aside the decision of the Registrar of Trade Marks, Justice Bennett considered evidence produced by Mars that the particular colour purple used by Mars in relation to its range of Whiskas cat food products was created for the Mars group "from scratch". The Court heard evidence demonstrating Mars' use of the Whiskas Purple as the predominant colour on packaging for all Whiskas cat food varieties in Australia since around April 2000. Mars contended the precise colour was specifically designed and extensively promoted by Mars before and after the application for registration of the mark, evidencing an intention to create a stronger brand identity through an association between the Whiskas range of products and that particular colour. Mars argued that while other traders in the industry used a purple colour, this was not of itself "trade mark use". Instead, other traders used purple to distinguish between specific varieties within a product range. Justice Bennett held the evidence submitted by Mars satisfied section 41 of the Act, stating the Whiskas Purple was capable of distinguishing Mars' goods.

Click [here](#) to access the case.

## Policy Update

### International

#### **Canada introduces copyright bill to reflect the modern digital era**

The Canadian government has tabled a bill governing copyright, *Copyright Modernization Act* (Bill C-32). Canada's Copyright Act has not been substantially updated since 1997, meaning that many everyday activities, such as recording a television programme to a VCR or DVD recorder and transferring legally purchased music to a computer hard drive or MP3 player, still constitute infringements of copyright. The Bill aims to permit greater use of copyright material by legalising the copying of digital content. Other key features of the bill involve expanding the categories of fair dealing exceptions to include parody, satire and education. Provisions have been included which make the breaking of digital locks by consumers illegal with fines of up to CA\$1million and five years in jail. Other proposals include giving photographers the same rights as other creators and exempting Internet Service Providers from liability for copyright infringement when they are merely involved in a provision of communication facilities. However, there are now requirements for ISPs to notify users of alleged infringements and where the provider either knows or ought to have known that the services are designed primarily to enable acts of copyright infringement to occur, then that will itself constitute copyright infringement.

Click [here](#) to access the Bill.

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