

Locutus

THE NEWSLETTER OF INTELLECTUAL PROPERTY LAW, STATUTORY DECEPTIVE CONDUCT
AND FRANCHISING LAW.

Fourth Floor, St James Hall, 169 Phillip Street Sydney NSW 2000, DX 330 Sydney
Phone Number: 9237 0536

Author and senders of this e-mail: **Carmen Champion, Barrister-at-Law.**

E-mail: carmen.champion@stjames.net.au

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Welcome to Locutus

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Locutus is a newsletter of current news, recent cases, and practice decisions. It is authored by Carmen Champion Barrister-at-Law.

Past issues of LOCUTUS can now be accessed via www.fourstjames.com.au

DESIGNS

Design registration is taking off in the fashion industry!! The author of this newsletter is seeing an increasing use by the fashion industry of design registration to protect their new designs, and a willingness to litigate to enforce those rights.

Review Australia Pty Ltd v New Cover Group Pty Ltd [2008] FCA 1589

Review alleged that New Cover had made, imported and sold garments in infringement of the Review Registered Design (there was no statement of newness and distinctiveness provided). Court was therefore required, in considering whether a design embodied in the Spicy Sugar garments was substantially similar in overall impression to the Review Registered Design, to consider the appearance of the Review Registered Design as a whole, considered by reference to the standard of the informed user.

Comments re informed user: *“The informed user must be a person who is familiar with the product to which the design in question relates. The informed user must also be a user of the class of product in question, in this case, ladies’ garments, or perhaps, more narrowly, ladies’ dresses. A designer or manufacturer of such garments is not an informed user merely because he or she designs or manufactures them. Further, this user is not simply an ordinary consumer: the user must be an informed user. In summary, the standard of the informed user is an objective one. In this case, the assessment must be that of a user of ladies’ garments, which would include a potential purchaser, either in retail sales (such as a buyer for a fashion store) or at the ultimate consumer level. A designer or manufacturer of ladies’ garments is not, on account of design or manufacturing knowledge alone, an informed user. The notional user must be informed, in the sense that the user is familiar with ladies’ garments. The informed user is not an expert, but must be more than barely informed. The focus for consideration is on eye appeal and not on internal or less visible*

manufacturing features.”

Damages: Review failed to establish any lost opportunity for sales. Review further raised reduction in commercial value of applicant’s garments. Held: *“the reproduction of the Review Design under the cheaper Spicy Sugar label had the distinct potential to diminish customer interest in the Review Registered Design and, in consequence, consumer demand for garments embodying the Review registered Design. Damages of \$35,000 awarded.*

See also **Review 2 Pty Ltd v Redberry Enterprise Pty Ltd [2008] FCA 1588**

COPYRIGHT

Flashback Holdings Pty Ltd v Showtime DVD Holdings Pty Ltd [2008] FCA 1541

Issue: whether Flashback was obliged to join to the proceedings the licensor from whom it claimed to hold its exclusive copyright licence. Flashback filed a motion seeking the leave of the Court to proceed with its action without joining the licensor. Court ordered proceeding be stayed until licensor joined as an applicant or a respondent.

CONFIDENTIAL INFORMATION

Chaina & Ors v The Presbyterian Church (NSW) Property Trust & Ors (No 2) [2008] NSWSC 1056

Objection to expert witness having access to confidential information. Plaintiffs relied on *Mobil Oil Australia Ltd v Guina Developments Pty Ltd [1996] 2 VR 34 at 38*, *Hotrox Charcoal Co v Gebauer Nominees Pty Ltd [2002] WASC 293* and *Bayer Bioscience NV v Deltapine Australia Pty Ltd [2006] FCA 68*.

Issues: Whether expert witness prevented from access by likelihood of working for trade rival in future and whether contractual undertaking as to confidentiality sufficient to protect confidential information. Court considered risk of disclosure low, established confidentiality regime of its choice.

PATENTS

Interpharma Pty Ltd v Commissioner of Patents [2008] FCA 1498

Application for interlocutory relief in patent proceeding.

Held: *“Another layer of complication is added to the deliberative exercise in cases in which the respondent (ie the non-moving party) goes further than a denial of the applicant’s case for relief, and pleads a positive point of defence. In such a situation, it will not be enough to ask whether the applicant has shown a serious question, or a probability of success, on his or her own case. While the answer to that question may be in the affirmative, it will then be necessary to consider whether that answer should be qualified by the apparent strength of the defence. In a patent case, the fact of registration constitutes prima facie evidence of validity: AB Hassle v Pharmacia (Australia) Pty Ltd (1995) 33 IPR 63, 69-70, GenRx Pty Ltd*

v Sanofi-Aventis (2007) 73 IPR 502, 503-504. It has been said that it is for the respondent to show that want of validity is a triable question: AB Hassle 33 IPR at 69. This seems clear enough, but, in my opinion, the analysis needs to be taken a step further. Is it sufficient that the respondent does show a triable question on validity? In my view, if that is as far as the respondent goes, then, assuming always that the applicant has shown a triable issue on infringement, absent questions of validity, the conclusion would remain that the latter had a triable question. That is to say, as a matter of analysis, unless the case for invalidity is sufficiently strong (at the provisional level) to qualify the conclusion that, overall, the applicant has a serious question, or a probability of success, the court should move to consider the adequacy of damages, the balance of convenience and other discretionary matters. It is the applicant's title to interlocutory relief which is under consideration, and the bottom-line question, as it were, is whether the applicant has a serious question, or a probability of success, not whether the respondent does in relation to some point of defence raised or foreshadowed.

DESIGN APPLICATIONS

Allen Hardware Products Pty Ltd v Tclip Pty Ltd [2008] ADO 8 (4 June 2008)

Designs 306284 to 306291 were filed on 15 March 2005, and were registered on 31 March 2006 the name of Allen Hardware Products Pty Ltd 2. On 26 September 2006 Tclip Pty Ltd filed a request for revocation of these designs under s.52 of the *Designs Act*. The request was accompanied by a statutory declaration by a Richard Dinning, the managing director of Tclip alleging that they approached AHP for assistance with their product; AHP appropriated their ideas to develop the designs currently in dispute and consequently AHP was not an entitled person in respect of those designs.

Directions were made for the filing of evidence: *Somnomed Ltd v Commissioner of Patents* [2006] FCA 765, [2006] 69 IPR 237. Neither party appeared at the hearing.

Fundamental to AHP's claim to entitlement in the designs was its assertion that Stephen Petith's disclosure to AHP was not in confidence. AHP assert that the disclosure of the drawings by Tclip did not involve any express undertakings of confidentiality – and accordingly AHP was free to do what they wanted with the information disclosed to them in those drawings.

Held: disclosure to AHP was clearly for a strictly limited purpose and therefore occurred under “a fetter of implied confidentiality”.

On issue of joint ownership the Delegate referred to *Polwood Pty Ltd v Foxworth Pty Ltd* [2008] FCAFC 9, [2008] 75 IPR 1, where the Full Federal Court reviewed the law on inventorship in patents in the context of joint inventorship.

Held: the principles relating to inventorship under the *Patents Act 1990* apply generally to designership under the *Designs Act 2003*. Both involve activities of original creativity. Both involve situations where multiple people can be involved in the creative exercise. And both require devolution of title from the creator of the work to the person obtaining the legal monopoly right.

Re: Designs **303049** in the name of **Reckitt Benckiser Healthcare (UK) Limited**, and examination.

Design Registration revoked following examination. See for comment re the use of colour as a visual feature of the design.

Microsoft Corporation [2008] ADO 2 (16 January 2008)

See re need for the design application to nominate the product in relation to which the design is sought to be registered. Here the design was for a font. Held: the present design did not show a product bearing visual features. Rather, the representations showed a collection of visual features intended to be applied to unspecified products in unspecified arrangements.

FRANCHISING

Allphones has given undertaking to the Federal Court to better inform its franchisees and to stop negotiations with franchisees until it has fulfilled certain obligations.

The undertakings follow Australian Competition and Consumer Commission seeking urgent interlocutory orders against Allphones after the ACCC alleged misleading and deceptive conduct and alleged breaches of the Franchising Code of Conduct..

The ACCC's application alleged that Allphones had breached section 52 of the Trade Practices Act 1974 by sending a Position Paper to its franchisees which was misleading or deceptive. The ACCC also alleged that Allphones had breached the Franchising Code by refusing to allow franchisees to sell their business, when the ACCC alleged that Allphones was not entitled to withhold its consent to such a sale.

The ACCC sought urgent interlocutory orders requiring Allphones to correct and disclose particular information to franchisees relating to the Position Paper. It also sought orders stopping Allphones from refusing to allow its franchisees to sell their businesses to third parties in particular circumstances.

PRACTICE & PROCEDURE

N.V. Sumatra Tobacco Trading Company v British American Tobacco Australia Services Limited (CAN 004 069 649) [2008] FCA 1542

Issue: Security for costs/appeal from a decision of the Registrar of Trade Marks. Applicant in the proceeding is an Indonesian company conducting its business from its Indonesian address. It argued that it had assets in the jurisdiction in the form of 26 trade mark registrations.

Held: Court refused to regard the presence of registered trade marks within the jurisdiction as assets within the jurisdiction against which an order for costs might easily be enforced.

Applicant for security had failed to put on comprehensive evidence of the likely evidence to be called in order to answer NVS's appeal and evidence, preferably from a costs assessor, of the likely costs of assembling that evidence. The primary evidence relied upon by BAT in the application was held not sufficient to justify an order for security in the amount sought. Order made for payment of \$20,000 as security only on the Court's own assessment of the likely costs to be incurred.

NAK Australia Pty Ltd v Starkey Consulting Pty Ltd [2008] NSWSC 1142

NAK asserts in the proceeding that the defendants have, amongst other things, diverted for their own benefit commercial opportunities of NAK. NAK relies on an email of 24 May 2007, apparently sent by Mr Starkey to one Helen, an officer or agent or employee of one of NAK's suppliers or manufacturers, a copy of which was annexed to an affidavit sworn by NAK's principal, Mr Tesoriero. In his responsive affidavit, Mr Starkey disputed the authenticity of that copy email. He alleges that it has been tampered with by Mr Tesoriero or on behalf of NAK.

The defendants sought orders that the plaintiff provide them with access to a computer processing unit, formerly used by the second defendant, Mr Starkey, while he was provided to NAK as a consultant by the first defendant, Starkey Consulting Pty Ltd, together with access to the email account and directory which he used during that period until 29 June 2007.

Held: The original electronic format of the email traffic between Mr Starkey and "Helen" is plainly relevant in circumstances where Mr Starkey disputes the authenticity of at least some of what has been put into evidence and alleges that there has been tampering. Repeated attempts to obtain the original electronic format have, for one reason or another, failed. The practical solution to that is, as I think I foreshadowed as long ago as 30 July, access to the email account. Secondly, NAK wishes to rely on secondary evidence of the contents of the computer as at 29 June 2007 by tendering a CD-ROM containing the "snapshot". The defendants must be entitled, as a matter of fairness and justice, to inspect the computer in order to verify the accuracy of the "snapshot" and ascertain whether there is any additional material on the computer which they might wish to tender in response. It may be that if it is desired to adduce evidence of an expert, an application for leave to adduce further evidence would be required, but that is not a necessary condition to granting access. Access to the computer may serve to provide documents which, even without the defendants themselves adducing further affidavit evidence, can be tendered, or used to found cross-examination.

And finally...

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