

# Intellectual Property News

4 August 2010

## Designs

### Australia

#### **Tank designs rain on employer's parade**

The Federal Court has held that an employee is able to be an 'entitled person' to be registered as the owner of certain modular rainwater tank designs (the **Designs**), after his employer, Metroll Queensland Pty Ltd (**Metroll**), argued the Designs were in fact created in the course of his employment. Justice Spender heard that the employee, Mr Collymore, was a factory foreman at Metroll. Mr Collymore had duties including supervising workers, manufacturing processes, quality control, despatching and improvement of products and designs, including improving water tank products and designs. Mr Collymore applied to register one of the Designs on 21 September 2006, followed by two other Designs in 2007. In considering whether to overturn a decision of the Registrar of Designs which found Mr Collymore created the second and third Designs in the course of employment or under a contract with Metroll, the Court considered who was the 'entitled person' at the time the Designs were first registered. This required the Court to establish whether the Designs were created in the course of employment through either a specific direction given by Metroll, or an expectation of creativity associated with the conditions of employment.

Justice Spender noted Mr Collymore's employment contract did not define his scope of employment with precision, nor did it deal with ownership of new designs relating to the business. However, the Court acknowledged that if an employee has no general duty to invent, then an invention can only be created in the course of employment if it was created pursuant to a specific direction by the employer. Justice Spender accepted evidence that Mr Collymore developed the Designs in his own time after work, having formed the ideas after watching one of his horses play with a hose in the water trough in his home property. The Court accepted that Metroll were aware Mr Collymore had said he owned 'his design', finding further that any work done at Metroll on similar modular tanks occurred only after Mr Collymore applied to register the Designs. The Court found Mr Collymore was never employed to design tanks for Metroll and, accordingly, created the Designs outside of the course of his employment. The Court found Courier Pete Pty Ltd, by assignment from Mr Collymore, was an 'entitled person' to be the registered owner of the Designs.

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

## Designs Continued

### Dress retailers fight over dress designs

In a battle between two dress retailers over the alleged copying of various dress designs, the Federal Court has made orders revoking the registration of certain designs. A dress retailer, Rosemin Pty Ltd (**Rosemin**), as the registered owner of six Australian Design Registrations (**Rosemin Designs**), claimed that certain dresses (**Gasp dresses**) sold by another dress retailer, Gasp Jeans Chadstone Pty Ltd (**Gasp**), copied and thereby infringed their Rosemin Designs. Gasp admitted that the Gasp dresses embody designs that are identical to or substantially similar in overall impression to the Rosemin Designs and that it sold/offered to sell the Gasp dresses in its Melbourne retail stores. Therefore, the sole issue for determination by the Federal Court was whether the Rosemin Designs registrations were validly issued. In its cross-claim, Gasp argued that the Rosemin Designs were not valid on the grounds that they were not registrable designs due to prior publication or use *before* the priority date for the registration of the Rosemin Designs. Based on the 'totality of the evidence', Justice Middleton accepted Gasp's argument of prior use, rejected claims by Rosemin that the evidence led by Gasp had been fabricated and thereby held that the design registrations were not valid. Accordingly, the Federal Court held that Gasp had not infringed any designs and made an order for the revocation of the Rosemin Designs.

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

## Patents

### Australia

#### Fish stunning device patents blown out of the water by Federal Court

The Federal Court has held that two innovation patents for fish stunning devices owned by Seafood Innovations Pty Ltd (Seafood) were not infringed by two fish killing devices (MT5 and RB6) (Bass' devices) manufactured and used by Richard Bass Pty Ltd (Bass). Seafood's two innovation patents relate to a device used to commercially harvest more than 1,000 fish per hour through stunning fish. The Court held Bass has not infringed the first innovation patent based on the Court's demarcation of the scope of integer 5 of Claim 1 of the innovation patent which reads "wherein the fish guide includes a floor being pivotally movable between a first position and a second position, the floor moving from the first position to the second position to allow a fish to pass unidirectionally from the entrance to the exit". The Court held that the claim's use of "allow" was understood to mean "permits". Bass' devices did not permit fish to pass from the front to the exit of its devices. Consequently, the Court held that Bass' devices did not trespass on the scope of integer 5 and therefore did not infringe Seafood's first innovation patent. Seafood's second innovation patent was held to be invalid based on the claims for the innovative patent failing to define the invention. Specifically, it did not disclose the necessary elements of the invention which make it work, namely how the fish are stunned and then released. Accordingly, the Court held that Bass had not infringed Seafood's first innovation patent and that the second innovation patent was invalid.

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

## Patents Continued

### **Bitech Engineering succeeds in enforcing its patent in the Full Federal Court**

The Full Federal Court has held that Garth Living Pty Ltd (**Garth Living**) infringed Bitech Engineering's (**Bitech**) patent for an apparatus for simulating flames, comprising means of reflecting a source of light to simulate flames on a viewing screen (the **patent**). Bitech alleged that certain electric heaters imported and sold by Garth Living contained all the essential features of three of its patent claims. The primary judge previously held that Garth Living's heaters did not infringe as they relied to a 'substantial' degree on the transmission of directly emitted light (as opposed to reflected light) to simulate flames, which the patent did not contemplate. On appeal, Garth Living argued that the patent describes a simulated flame effect means created only by reflection, and thereby excludes from its scope, an apparatus which relies 'substantially' on directly emitted light, even where there is also some reflected light contributing to the overall simulated flame effect. The Full Court rejected this argument, finding that as all the essential integers of the claims were present in Garth Living's heaters, they infringed the patent. The Full Court took into account the fact that in a Garth Living heater, images sourced from reflected light occupied nearly half of the viewing screen, across its full width, such that reflected light could not be described as having a minimal contribution. The inclusion of an additional feature, being the formation of additional flame images produced by directly emitted light, did not negate patent infringement. The Court did note however, that infringement may be avoided where the addition of new features result in a 'new working of the combination of claimed and additional integers' such that there is a material effect on the way the claimed invention works. In this case, the Full Court held that there was no such interaction between the source of reflected light and source of direct light.

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

# Copyright

## Australia

### **Showtime DVD Holdings liable for infringing copyright by selling children's DVDs to ALDI**

The Federal Court has awarded Flashback Holdings Pty Ltd (**Flashback**) \$40,000 in damages for lost profits and granted an injunction restraining Showtime DVD Holdings Pty Ltd (**Showtime**) from distributing or selling a range of children's DVDs to German grocer ALDI. The Federal Court previously found that Flashback held an exclusive licence from the owner of the copyright in the DVDs, Absolute Home Entertainment, to distribute the DVDs in Australia, and that Showtime and its sole director and secretary, Mr Leslie, had infringed the copyright by selling 27,840 copies of these DVDs to ALDI without a licence from the copyright owner. Consequently, it was held that both Showtime and Mr Leslie were liable to Flashback as exclusive licensee for infringing that copyright. In addressing Showtime's liability in damages for copyright infringement, Justice Perram accepted that ALDI would have purchased from Flashback if it had not purchased from Showtime, given that Flashback was the exclusive licensee, and accordingly Flashback lost a profit margin of \$1.68 on a sale price of \$3, amounting to \$46,771.20. Justice Perram reduced this amount to \$40,000 reflecting the fact that ALDI may have sought a lower price than \$3 per DVD if it had purchased from Flashback. Justice Perram accepted the evidence that ALDI ceased trading with Flashback once it became aware of the dispute between Flashback and Showtime, thereby supporting Flashback's potential claims for loss on other products. However, Justice Perram failed to include in the assessment of damages an amount for lost future sales resulting from ALDI's decision to cease trading with Flashback, as Flashback had failed to adduce adequate evidence on profit margins to prove this loss.

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

## Internet

### **New generic top level domains present enhanced opportunities for Internet site owners**

The Internet Corporation for Assigned Names and Numbers (**ICANN**) is currently developing a new process to allow any person or organisation to introduce its own general top level domain (**gTLD**), beyond the existing gTLDs such as '.com', '.org', '.net'. This opens up the possibility of registering domain names that end in unique words, brand names, trade marks, job industries or city names, such as '.sydney', and '.bank'. ICANN is proposing to record all these new gTLD applications on its website for at least ninety days to undergo a technical assessment and to enable people to raise any potential objections to the application, including if they consider a proposed gTLD infringes their trade mark rights. Other proposals include allowing the owners of the new gTLDs to set the registration policies for their domain name, such as indicating the kinds of organisations which may register under the domain. This plan represents a significant change of the rules governing the registration of domain names, and strengthens the potential use of domain names as an online identity or brand. ICANN is taking public comment on the gTLD program on its website.

Click [here](#) for more information from ICANN.

## Policy Update

### Australia

#### **Patents Amendment Regulations 2010 (No. 1) - New Regulations increase patent fees**

The *Patents Amendment Regulations 2010 (No. 1) (Amending Regulations)* which amend the Patents Regulations 1991 (**Patents Regulations**) were made by Federal Parliament on 29 June 2010. The changes introduced by the Amending Regulations are three-fold. Firstly, as of 1 August 2010, a number of patent fees payable to IP Australia (set out in Schedule 7 to the Patents Regulations) will increase. Following a recent review of IP Australia's Cost Recovery Impact Statement which found that revenue received from patent fees was insufficient to cover the administrative costs, the fee increases are designed to lead to a 6.8% increase in total patent fee revenue for the financial year 2010-11. The amendments also introduce new fee items for more complex patent applications and electronic lodgement of provisional patent applications which will be less than the corresponding fees for non-electronic lodgement. Secondly, the Amending Regulations implement administrative changes to the PCT rules made by the International Patent Cooperation Union Assembly during a meeting in September and October 2009. Thirdly, they enable search results associated with PCT applications to be made open to public inspection. The second and third sets of amendments commenced on 1 July 2010.

Click [here](#) to view the Amending Regulations.

#### **Online tool launched to assist small businesses manage intellectual property**

A free online tool has been launched to assist small businesses realise and manage their intellectual property assets. The '*Intellectual Property Explorer*' will help businesses to investigate, identify, analyse and improve different potential forms of intellectual property associated with their business inventions, designs and brands. The tool achieves this through, for instance, asking a series of interactive questions to help small businesses identify their most important intellectual property. The tool was developed by IP Australia in cooperation with the governments and intellectual property offices of Hong Kong and Singapore as an Asia Pacific Economic Cooperation project, with the objective of increasing the engagement of small businesses in international trade.

Click [here](#) to learn more about or use the tool.

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