

## Trade Mark Oppositions: "bad faith" filings

Section 62A of the Australian Trade Marks Act provides that the registration of a trade mark may be opposed on the ground that the application was made in "bad faith". This is a relatively new ground of opposition (applying to trade mark applications accepted on or after 23 October 2006) and we have this year seen the first substantive decisions from IP Australia on this ground.

In *Hard Coffee Pty Limited v Hard Coffee Main Beach Pty Limited* [2009] ATMO 26 (1 April 2009), Hard Coffee Pty Limited ("Hard Coffee") successfully opposed applications to register "HARDCOFFEE MAIN BEACH" and "HARDCOFFEE" in classes 30 and 43 for coffee related beverages and coffee shop services. Hard Coffee had sold one of its coffee shops to M.B Raymond & Co Pty Limited and the director of this company, Mr Raymond, was also the director of the applicant company, Hard Coffee Main Beach Pty Limited. The contract of sale between Hard Coffee and M.B Raymond & Co Pty Limited expressly stated that Hard Coffee retained ownership of the intellectual property in the HARD COFFEE name.

The hearing officer was of the view that the applications were filed "in the face of rights that Mr Raymond had previously acknowledged" and that, having signed the contract of sale, Mr Raymond had a responsibility not to file the applications.

The hearing officer held that to demonstrate "bad faith", there would need to be:

- an element of intentional dishonesty; or
- a deliberate attempt to mislead the Registrar in some way by means of the application; or
- in circumstances where an applicant claims that the application was not made in bad faith but, rather, as a result of its own ignorance or naivety, then the evidence would need to show that the circumstances were such that the "reasonable man" standing in the shoes of the applicant, should be aware that he ought not to apply for trade mark registration.

The hearing officer emphasised that the onus of demonstrating "bad faith" falls squarely on the party making the allegation. If, however, the opponent submits sufficient evidence to establish bad faith on the balance of probabilities, the onus shifts to the applicant. In this opposition, the applicant did not file any evidence or submissions in response to the opponent's evidence in support of the opposition. This failure to file evidence in answer was considered by the hearing officer to strengthen the opponent's case of bad faith.

In *Bombala Council v Peter Wilkshire* [2009] ATMO 33 (26 May 2009), the hearing officer adopted the "HARD COFFEE" approach, noting that this approach is broadly consistent with that adopted in the UK. The hearing officer considered the history of dealings between the applicant and the opponent, including the settlement of Federal Court proceedings, and concluded that the

applicant had applied to register a mark which he had previously recognised as the property of another. The hearing officer was satisfied that circumstances were such that a "reasonable person" standing in the shoes of the applicant would have been aware that he/she ought not to apply for trade mark registration.

Madderns has recently been successful in establishing "bad faith" in an opposition filed on behalf of our client, Clipsal Australia Pty Ltd. The delegate referred to both *Hard Coffee* and *Bombala Council* and concluded that the evidence filed by

*Continued overleaf*

## Contents

### Trade Marks

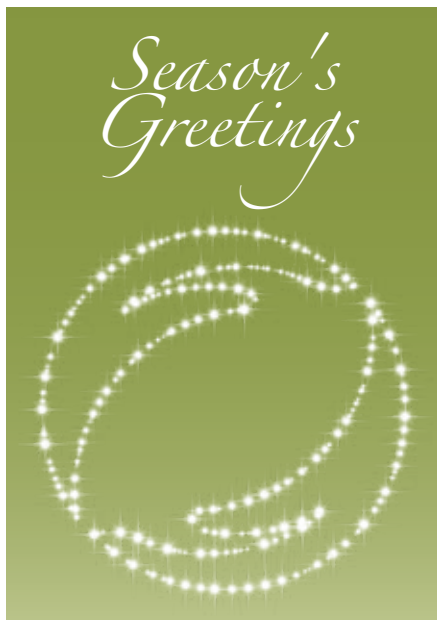
Trade Mark Oppositions:  
"bad faith" filings

### Patents

UWA v Gray Appeal Dismissed  
Innovative Step Test Confirmed

### General

News for Exporters  
Madderns on the Move  
New appointments and  
recruitments  
Five facts about Adelaide,  
South Australia



# UWA v Gray Appeal Dismissed

In a long awaited decision, the Full Federal Court dismissed an appeal by the University of Western Australia (UWA) that Dr Bruce Gray, a researcher employed by UWA, had an implied duty to invent.

Dr Gray and his team of researchers filed several patent applications for inventions of significant commercial value in their own names while Dr Gray was employed as a researcher of UWA. Historically, it has been widely thought that if an employee employed as a researcher makes a patentable invention "in the course of employment", the invention rightfully belongs to the employer due to an implied term in employment contracts that the employee has a "duty to invent". Dr Gray's terms of employment with UWA stated that he was to "undertake research, to organise research and generally stimulate research...". UWA contended that this phrase contained an "implied duty to invent".



However, the judge at first instance observed that universities operate differently from private enterprise. Dr Gray was expected to, and did, solicit external grants to fund his research, and his success depended upon such grants. Additionally, Dr Gray had complete discretion as to the matter and manner of his research; and further, UWA encouraged publication of research, notwithstanding that such publication could destroy the patentability

of any inventions. The Full Federal Court upheld that there was accordingly no justification for implying that Dr Gray's contract included a duty to invent.

Of note, UWA also alleged that Dr Gray had breached his employment contract, as it made him subject to UWA's Act, including the "Patents Regulations", which required that a Patents Committee was advised when a patentable invention was made. However, the Patents Committee mechanism had been abandoned by UWA, and the Full Federal Court concurred with the primary judge that the breach of contract case failed for this reason.

Accordingly, universities should ensure that employment contracts expressly address a duty to invent, that IP policies are appropriately upheld, and that IP assignments are pursued when appropriate.

*Contributed by Karen Heilbronn*

## Trade Mark Oppositions: "bad faith" filings

*Continued from page 1*

Clipsal Australia Pty Ltd had made out a prima facie case under section 62A such that a plain and direct response from the applicant was required. The applicant chose not to challenge or dispute the opposition in any way and the hearing officer considered that such silence "... is eloquent".

These decisions suggest that, for opponents, it is important to present sufficient evidence to establish bad faith on the balance of probabilities, assessed by reference to a "reasonable person" test, so that the onus then shifts to the applicant. For applicants, it is important to respond to any evidence of "bad faith" or run the risk that silence may be construed as supporting the opponent's case.

*Contributed by Louise Emmett*

## News for Exporters

The Australian Government offers a grant scheme for exporters to cover costs associated with export promotion activities; the Export Market Development Grant (EMDG) scheme. This scheme has now been expanded to cover up to 50% of any expenses associated with obtaining overseas intellectual property rights, after the first \$10,000.

Protecting intellectual property rights internationally can be critical to success in overseas markets. For trade mark protection, many countries now operate on a first-to-file basis, where the first person to file a trade mark application obtains ownership of the mark. In these jurisdictions, it is important for exporters to secure their brand by filing trade mark applications before competitors or trade mark "squatters" file their own applications for the same or closely similar brand. Patent and registered design rights can also provide a crucial market advantage, and allow exporters to obtain a foothold in international markets.

The EMDG scheme is intended for use by small and medium exporters. Eligible entities include principal exporters (rather than agents) with income of no more than \$50 million, who have spent at least \$10,000 on eligible activities. Once accessed for 3 years, it may also

be necessary for entities to show export success in order to keep receiving the grant.

It is possible to claim on expenses associated with a range of promotional activities. Claimable expenses include marketing consultant costs, overseas travel expenses, trade fairs and seminars, communication expenses, promotional literature, overseas buyer visits and, now, costs associated with the registration and insurance of intellectual property rights which were substantially developed in Australia. Accordingly, payments made to patent and trade mark attorneys for the purpose of pursuing registration or the extension of the term of intellectual property rights fall within the scope of the EMDG scheme. Further, insurance premiums paid for protection against possible infringement can also be partially reimbursed.

Even if you have been exporting for some time, but were unaware of the grant, you may be able to claim for expenses in past years. For more detailed information about the EMDG scheme, or to download grant application forms, you can visit [www.austrade.gov.au/exportgrants](http://www.austrade.gov.au/exportgrants).

*Contributed by Stephen Worthley*

# Innovative Step Test Confirmed

In an article in our December 2008 newsletter the decision of Gyles J in *Delnorth Pty Ltd v Dura-Post (Aust) Pty Ltd* [2008] FCA 1225 was reviewed. This decision was notable in that it was the first instance in which the requirements of what constitutes an innovative step for an innovation patent had been considered by the Court. These proceedings involved an allegation of infringement by Delnorth Pty Ltd ("Delnorth") directed against the manufacture and sale by Dura-Post (Aust) Pty Ltd ("Dura-Post") of its Flexi-Steel™ and Reflex® post product based on three certified innovation patents and a counterclaim by Dura-Post attempting to revoke these innovation patents on a number of grounds including lack of innovative step. While Dura-Post was successful in having claims 1 and 2 of the second and third innovation patents revoked for lack of innovative step, the Court held that the Flexi-Steel™ and Reflex® posts product infringed a number of the surviving claims of the innovation patents in suit.

Dura-Post appealed the decision of Gyles J. This appeal was subsequently dismissed by the Full Federal Court in the decision of Kenny, Stone and Perram JJ in *Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 where the Full Court confirmed the test for innovative step set out by Gyles J at first instance. The Full Court rejected the submissions of Dura-Post, who argued that the statutory test governing the assessment of innovative step (i.e. sections 7(4)-(6) of the *Patents Act 1990* (Cth)) also involves a consideration of the claimed invention or working of the invention in the light of the common general knowledge

when a determination is made of whether a claimed feature makes a substantial contribution to the working of an invention.

The Full Court went on to state that as long as a variation or difference from the prior art contributes substantially to the way in which an invention functions (in this case a roadside post) then the variation necessarily results in a substantial contribution to the "working of the invention", thereby meeting the innovative step threshold. The Full Court then reiterated that the presence or absence of a substantial contribution was a finding of fact and that there was no discernible error in Gyles J's original findings that claimed features such as a marker hole, a tapered end and the particular dimensions recited in the claims of the Patents in suit made such a contribution.

As a consequence of the decision by the Full Court, the innovation patent maintains its distinguishing characteristic as an unusually strong patent right whose validity involves no consideration of obviousness or inventiveness on the part of the patentee in arriving at the claimed invention from what was already known. In contrast, as long as a variation or difference from the prior art contributes substantially to the way an invention functions than that variation will meet the innovative step threshold. Dura-Post is appealing this decision to the High Court with oral argument into its special leave application being heard in December 2009.

*Contributed by Anthony Lee. Anthony acted for Dura-Post in this case.*

## News

### Questionable IP correspondence

In our December 2007 issue, we highlighted various practices by companies around the world offering unsolicited services relating to the "registration" or "publication" of IP rights, and we recommended that you treat such unsolicited correspondence with great caution. Since then, there have been a number of new practices targeting the owners of IP rights.

The message of the past still applies – if you receive any unsolicited correspondence regarding your intellectual property rights, no matter how official looking, please check with us before taking any action.

More information can be found on the IP Australia website (at [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au)), as well as the Australian Competition & Consumer Commission (ACCC) website (at [www.accc.gov.au](http://www.accc.gov.au)).

### Congratulations

Madderns' trainee attorneys, Karen Heilbronn and Chris Wilkinson, have recently passed the final subject required to become registered as patent attorneys. Karen and Chris are already registered trade mark attorneys.

## Madderns on the move

Madderns is expanding into a new green rated 5 star building in the heart of Adelaide.

Since moving to our current premises in 1995, Madderns has grown from a small firm of about a dozen people to become Adelaide's largest patent and trade mark attorney firm employing 45 people. In order for us to continue to provide superior, cost effective, practical and timely service to all our clients it is necessary for us to keep employing more of the best people. Our new offices will provide the right environment to facilitate this for the benefit of our clients and staff.

Madderns will be moving to a modern, open and light-filled office on a single, large floor. Both costs and our environmental footprint have been minimised through re-use of an existing one year old fit-out. Open plan areas within the new office are large and uncluttered providing a better working environment for our staff.

We look forward to welcoming you to our new offices at Level 4, 19 Gouger Street, Adelaide, SA, 5000 in 2010.



Artist's impression by MPH.

## Five facts about Adelaide, South Australia:

- South Australia's Barossa Valley is home to Australia's oldest family-owned winery, Yalumba, founded in 1849 ([www.yalumba.com.au](http://www.yalumba.com.au));
- Coopers Brewery Limited, Australia's sole remaining family-owned brewery of stature, was established in Adelaide in 1862 ([www.coopers.com.au](http://www.coopers.com.au));
- Haigh's Chocolates, Australia's oldest family-owned chocolatier was founded in Adelaide, South Australia in 1915, and the original store still operates at Beehive Corner, Rundle Mall ([haighschocolates.com.au](http://haighschocolates.com.au));
- R.M. Williams, now a famous Australian bush outfitters retailer, was first established as a boot-making business in an Adelaide suburban home in 1932 ([www.rmwilliams.com.au](http://www.rmwilliams.com.au));
- And... Adelaide is the home of Madderns Patent and Trade Mark Attorneys!!

## MaddernsIPNews

Madderns  
First Floor, 64 Hindmarsh Square  
Adelaide SA 5000 Australia  
ABN: 98 056 210 140  
Phone: +61 8 8311 8311  
Fax: +61 8 8311 8300  
Email: [mail@madderns.com.au](mailto:mail@madderns.com.au)  
[www.madderns.com.au](http://www.madderns.com.au)

Editors: Mark O'Donnell and Louise Emmett  
Layout: NelsonDesign  
ISSN: 1449-3780  
© 2009 Madderns

This newsletter is intended to keep readers abreast of current developments in the field of intellectual property law. It is not, however, to be used or relied upon as a substitute for professional advice. Before acting on any matter in the area, readers should seek professional advice.

Madderns and world logo is a registered trade mark of Madderns Patent & Trade Mark Attorneys.

## New appointments and recruitments



On 1 July 2009, we were very pleased to promote Louise Emmett to Partner.

Louise heads up the firm's Trade Mark Group. Prior to joining Madderns in January 2007, Louise spent five years working as an intellectual property lawyer at a large Australasian law firm and 18 months working at specialist intellectual property firms in London. Louise has a Bachelor of Laws and Legal Practice (with Honours) and a Bachelor of Arts (majoring in Spanish) from Flinders University and she has recently completed a Master of Laws (specialising in Intellectual Property) at the University of Melbourne.



On 1 December 2009, we were very pleased to welcome Jeff Holman to the firm. Jeff, who has been appointed to the position of Senior Associate, comes to us with over 10 years experience in chemistry, pharmaceuticals, biotechnology, polymers, materials, nanotechnology, and medical device patents. Prior to moving into intellectual property, Jeff was an experienced research scientist who majored in inorganic chemistry, organic chemistry and geology. He completed a PhD with a focus on synthetic organic chemistry and then held a number of post-doctoral research positions. During his time as a research scientist, Jeff was the recipient of several awards and the results of his research have been published in numerous scientific publications.

During the course of the year, we were also very pleased to promote Megan Ryder to the position of Senior Associate and Phillip Boehm and Lucy Deane to the position of Associate.



Megan joined the firm in January 2008 from a major corporate and commercial law firm in Adelaide, where she had practiced for seven years in Commercial Litigation, Commercial Arbitration and Mediation and Intellectual Property Law. Megan is a registered trade marks attorney and a senior member of our Trade Marks Group.



Phillip is a registered patent and trade marks attorney with a qualification (B.Eng(Hons)) and background in Mechanical Engineering. He has particular experience and interest in automotive and aeronautical engineering, structures and thermodynamics, patent drafting and prosecution. Phillip joined Madderns in August 2008.



Lucy joined Madderns in July 2008 to assist our Trade Marks Group. Prior to joining Madderns, Lucy was a Senior Associate in the Intellectual Property Group of one of Australia's major corporate and commercial law firms. Lucy has also worked as Senior Counsel for a large telecommunications company in the United Kingdom.