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# Changes to Keyword Advertising



Have you been monitoring your internet traffic and noted a drop-off in the last few months? Worse still, have you not been able to explain this drop off? Your SEO strategies seem sound, your product is still a market leader, and market conditions are such that you expected traffic to increase. The answer may be a low-key amendment which Google recently made to their Adwords policy.

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## Reining In Parallel Imports - Is This Goodbye to Discounted Genuine Goods?

The price of goods sold in Australia compared to that in the rest of the world has become a significant political and consumer issue. A recent court decision has restricted the circumstances under which the parallel import of authentic goods into Australia is allowed, much to the delight of authorised distributors yet to the disappointment of consumers seeking a more competitive market.

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A closer look at 'statement of newness and distinctiveness' when filing a design application - [page 4](#)

## Congratulations

Intellectual Asset Magazine (IAM) continues to present industry leading guides that aim to identify the top practitioners of intellectual property law in key jurisdictions around the world.

**Watermark congratulates Carolyn Harris and Peter Hallett on being named in IAM Patent 1000: The World's Leading Patent Practitioners 2013. We also congratulate Mark Summerfield and Marnie Williams on being named in IAM Strategy 300: The World's Leading IP Strategists.**

### INTA Dallas 2013

Watermark staff Paul Fong, Peter Hallett and Joy Atacador were at the annual INTA Meeting in Dallas Texas USA, where they attended many networking dinners and receptions.





# Changes to Keyword Advertising

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Previously, Australian trade mark owners were able to use complaint procedures managed by Google if another party used their registered trade mark in an Adwords campaign. For example, if Coca-Cola purchased PEPSI as an Adwords keyword, then Pepsico could complain to Google to stop the practice. This was a relatively simple process, which assisted trade mark owners.

From 23 April 2013 Google amended its policies to no longer restrict the purchase of keywords to generate Adwords. Any party is now free – as far as Google's policies are concerned – to purchase any keyword as part of an Adwords campaign. This is so, regardless of whether or not the keyword purchased is a registered Australian trade mark of a competitor. That is, under the new Google policies there are no longer restrictions on, for example, Coca-Cola purchasing the trade mark PEPSI in an Adwords campaign on behalf of Coke, and vice versa.

So if your business relies on internet traffic generated from search engines, and in particular from Google, then these changes may be particularly relevant to you. If your internet traffic does fall then it may be worthwhile to investigate whether your competitors are purchasing your trade marks for their Adwords campaigns. Of course, for good competitor intelligence it may be valuable to monitor what your key competitors are doing in this regard even if your website hits are not affected.

While Google is no longer concerned with one party using another's trade mark in Adwords campaigns, depending on the circumstances and actual use, action may still be available under Australian Consumer Law or the Australian Trade Mark Act. It is also worth noting that the recent changes do not apply to the use of trade marks in the promotional text displayed with the sponsored link. Businesses faced with these issues should consult with their advisers for possible options.

**Paul Fong**

## Coming Soon to New Zealand: a New Patents Act!

New Zealand's current patent legislation, The Patents Act 1953, is modelled on the long-repealed United Kingdom Patents Act 1949. The 1953 Act, with its low threshold for patentability compared with most other countries, including Australia, is well past its use by date! It is high-time New Zealand had a modern patent law compatible with its major foreign trading partners. It now looks like this is finally about to happen.

Way back in August 2000 the New Zealand government agreed to review the 1953 Act to take account of the social and technological changes since its enactment. After extensive consultation with stakeholders, the new Patents Bill was introduced to the New Zealand Parliament in July 2008.

The principal aims of the Bill were to strengthen the criteria for granting a patent, and to otherwise generally reform and modernise New Zealand patent law. The low standards set under the 1953 Act were recognised in the explanatory note introducing the Bill. As explained by the Hon Judith Tizard, then Associate Minister of Commerce: 'patent rights granted in New Zealand can be broader than patent rights granted in other countries for the same invention. This has the potential to disadvantage New Zealand businesses and consumers, as technology that may be freely available elsewhere could be covered by patents in New Zealand.'

The Bill was given its first reading in May 2009. It was then referred to the Commerce Select Committee, which recommended the Bill be passed, subject to some amendments. The most controversial amendment was the addition of a new exclusion, stating that a computer program was not to be a patentable invention in New Zealand!

Not unpredictably, the newly introduced, apparently outright, ban on software patents was applauded by free and open source software advocates, but opposed by many in the commercial software

and technology industries. This controversy has undoubtedly delayed passage of the Bill.

A number of attempts to resolve the impasse over software patents were unsuccessful. However, the New Zealand Government proposed an amendment to the Bill on 9 May 2013, which has finally received broad-based support.<sup>1</sup>

The proposal clarifies that a computer program is not a patentable invention only to the extent that a patent or an application relates to a computer program as such. The amendment also states that a patent or application relates to a computer program as such if the actual contribution made by the alleged invention lies solely in it being a computer program.

This approach is considered to be consistent with New Zealand's obligations under TRIPS, and allows New Zealand to draw on UK precedent.

Summarising some of the key provisions of the Patents Bill:

- The prior art base for assessment of novelty and inventive step will include information made publicly available anywhere in the world, and not only in New Zealand, as is presently the case.
- Examination of New Zealand applications will be expanded to include assessment of inventive step.
- Patentable inventions will need to be 'useful' – defined as having a specific, credible, and substantial utility.
- Applicants will no longer be given the 'benefit of the doubt', and a patent will only be granted if it is found to be valid on the 'balance of probabilities'.
- Limited grace periods will be introduced to protect inventors against unauthorised disclosures, to allow for reasonable trials, for disclosures to government, and for disclosure at specified exhibitions.

- Exclusions from patentability will include: human beings and biological processes for their generation; inventions contrary to public order or morality; methods of treatment of human beings by surgery or therapy; methods of diagnosis practised on human being; plant varieties; organisms; and computer programs 'as such'.
- Maori traditional knowledge will be recognised, and its patenting and exploitation regulated, through a Maori Advisory Committee appointed to provide advice to the Commissioner of Patents on request.
- Infringement will be defined as the unauthorised doing of anything the patentee has the exclusive right to do and will be expanded to include contributory infringement.
- Experimental use of a patented invention will be protected by a new defence to infringement.
- Patent applications will be published 18 months from the earliest priority date.

The Patents Bill also retains the current pre-grant opposition system, while New Zealand remains steadfast in its policy of not providing term extensions for pharmaceutical patents as compensation for delays in regulatory approval.

The Bill is expected to pass within the next few months, and to come into force some time in 2014.

Watermark's patent attorneys are registered to practise in New Zealand and have a depth of experience in working before the New Zealand Patent Office. Watch the [Fresh News](#) section of our website for updates on further developments in the passage of the new patents legislation through the New Zealand parliament.

**Jill Newton**

<sup>1</sup> Supplementary Order Paper No. 237, <http://www.legislation.govt.nz/sop/government/2013/0237/latest/whole.html>



# Reining In Parallel Imports - Is This Goodbye to Discounted Genuine Goods?



From page 1

## What is Parallel Importing?

Parallel importing occurs when a trade mark is legitimately applied to authentic goods overseas, by or with the consent of the trade mark owner, and those goods are then imported into Australia without the consent of the Australian registered owner of that same mark.

The Australian registered trade mark owner or authorised distributor often finds the parallel importation of legitimate goods objectionable as they are sold in competition with goods specifically designated for sale in Australia, often at a lower price. Moreover, parallel imports often exploit the goodwill of the Australian registered owner or authorised distributor.

In Australia, the parallel importation of authentic goods has been allowed if the importer could satisfy a statutory defence that the trade mark was applied to the goods by, or with the consent of, the Australian trade mark owner.

## Reigning in the legitimacy of parallel imports

A recent appeal decision involving Paul's Retail Pty Ltd (trading as Paul's Warehouse) and Lonsdale Australia Limited (the Australian registered owner of the Lonsdale sportswear trade marks) defined and further clarified the circumstances where parallel importation is allowable<sup>1</sup>.

The case stemmed from a licence granted to Punch GmbH (Punch) by Lonsdale Sports Limited (Lonsdale UK) which permitted Punch to use various Lonsdale trade marks in Europe, as well as to manufacture goods and apply the Lonsdale marks to those goods in China. Punch was not licensed to use the trade marks in Australia.

Nearly 300,000 items of goods manufactured under Punch's licence in China were later imported into Australia where they were offered for sale at Paul's Warehouse. Paul's Warehouse stood accused of trade mark infringement because of this activity.

In the initial judgment, the lower court found that Paul's Warehouse infringed Lonsdale's trade mark because it was not the Australian registered trade

mark owner (Lonsdale Australia Limited) that had applied, or consented to the application of the Lonsdale trade marks in China. Rather, if there was any consent, the consent was by Lonsdale UK. This meant that Paul's Warehouse could not rely on the statutory defence to infringement.

The appeal court agreed that Paul's Warehouse infringed the trade mark, but applied different reasoning. It instead looked into the terms of the licence between Lonsdale UK and Punch. Punch applied the Lonsdale marks under a licence to manufacture. Lonsdale UK contractually limited Punch's use of the trade marks to Europe. Consequently, under the licence, Punch could not 'consent' to the application of the marks in relation to goods sold in Australia, so the statutory defence was not triggered. The appeal court accordingly did not need to consider whether Lonsdale Australia (the actual trade mark owner in Australia) was the party that gave consent.

## Parallel importers now have heavier obligations than before

The decision restricts the scope of legal parallel importation. Going forward, importers must:

- verify the authenticity of goods coming into Australia to ensure the goods are not counterfeit as they did before, but also
- check conditions imposed by the trade mark owner/licensor upon the entity from which the goods are received.

Additional warranties should be considered in agreements with those off shore suppliers to ensure the importers are not unwittingly caught in the Paul's Warehouse situation.

Similarly, it would be wise for owners/manufacturers seeking to maximise their income from the sale of licensed goods, to ensure that licences granted are watertight in narrowing the geographic scope of rights afforded to their licensees.

## Leanne Oitmaa and Ward Olivete

<sup>1</sup> Paul's Retail Pty Ltd v Lonsdale Australia Limited [2012] FCAFC 130

# Australia China Business Week Melbourne

Watermark were proud sponsors of the Australia China Business Week (ACBW) in Melbourne on 19 June. Our Principal, Mr Ray Tettman was also a guest panelist (pictured below, left) participating in a discussion about 'The China Market: online, offline, retail and B2B'.

The ACBW has become a premier event strengthening business relationships between Australia and China. The presentations and networking functions are attended by delegates, visitors and government officials from both countries. This gathering helps facilitate connections for people seeking to do business between Australia and China, and educates them on the business landscape, legal issues and economic environment of each country.

The ACBW is also held annually in Shanghai as well as Sydney. Watermark will also be sponsoring ACBW Sydney on 29 August, and we look forward to seeing some of our East Coast clients there.



Courtesy Australia China Business Forum ©





# Making a design statement

When filing a design application in Australia, the applicant has the option of providing a 'statement of newness and distinctiveness' to highlight particularly unique features of the design.

If such a statement is filed, the features specifically identified as being new and distinctive must be particularly considered when assessing whether the design is substantially similar in overall impression to:

- a. prior art during examination or in a validity challenge, and
- b. a potentially infringing product for infringement purposes.

This does not mean that all other features of the design are ignored. Rather, the features specified in the statement are given greater weight when considered in the overall context of the design. In contrast, a design with no such statement is assessed with reference to the visual appearance of the design in its entirety with no feature being given more or less regard than another. The prominence of the unique features in relation to the rest of the design also plays a role.

The statement is therefore something of a double-edged sword because, while it promotes novelty over prior art, it does somewhat 'nail one's colours to the mast' and potentially limit enforceability over close-copy products that omit or modify such specifically identified features.

With this in mind, if a competitor copies the design including the new and distinctive features referred to in a statement, the prospects of finding infringement are greater than would otherwise be the case. Conversely, if a competitor copies the design and omits or modifies the stated new and distinctive features, it will be more difficult to establish design infringement. In both circumstances, the overall impression conveyed by the designs remains a key factor.

The statement can also be used to identify more general aspects of a design. For example, where a design as a whole is considered new and distinctive, a general statement directed to the visual features of shape and configuration, or pattern and ornamentation can be used.

There is no provision in the Designs Act 2003 that limits the scope of wording in the statement. Consequently, statements are often made in negative terms, to identify generic features to be disregarded for the purposes of considering the design. For example, a statement of newness and distinctiveness might direct a viewer to disregard features shown in the representations in phantom or using broken or dashed lines. Similarly, if the representations are in colour for convenience only, the statement is sometimes used to specify that colour is to be disregarded. Such negative statements do not fully achieve their desired effect as they are typically interpreted to mean all other features of the design should be given greater regard. For this reason, the same effect can in many cases be achieved using an alternative statement drafted in positive terms.

Consideration as to whether a statement is required, along with appropriate wording, must be determined before filing. Applications proceed to registration within a few weeks of filing, and a statement of newness and distinctiveness cannot be amended, or deleted, after registration.

Whether or not a statement of newness and distinctiveness is used requires careful consideration. There is no 'one size fits all' approach. We recommend that any specific features of a design requiring more emphasis relative to other features for novelty purposes are identified to us prior to filing a design application so that the need for and wording of a statement can be determined ahead of any filing deadline.

**Craig Gleghorn**



## Meet Carol Kane

"I love my job! Every day I see new ideas, innovations, creativity and the enthusiasm that comes with them. Throughout my career, I have been fortunate to witness an endless stream of ingenuity and resourcefulness. As I also play an important role in the protection and management of intellectual assets, for the benefit of clients' businesses, when I see creativity and innovation become commercial reality, I feel a sense of ownership. This drives me to look out for the asset, observe how it's being used commercially, watch over competitors and generally take an interest that's wider than just protection. I've always thought that as IP professionals, our role is to do more than just protect IP.



This is something I have mused over during my career. I questioned whether I could, as an IP professional, give advice that was relevant and practical to business, when I had a limited understanding of business itself. All patent and trade mark attorneys are technically competent in the law, but I had to wonder whether all attorneys were able to give advice relevant to their client's business and commercial ventures.

Having identified an area that I thought could vastly improve client service, I began an MBA with one of Australia's premier business schools.

My experiences and current studies have enabled me to better understand and advise on IAM in a new light. IP is much more than a patent or a trade mark. It's an integral and evolving part of business.

**IAM: a fighter.**

**Carol Kane** is a Patent and Trade Marks Attorney of Watermark. Contact Carol on [c.kane@watermark.com.au](mailto:c.kane@watermark.com.au)