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Design protection for computer icons & animations in Australia.



The Australian Designs Act 2003 does not explicitly exclude computer icons and animations from being protected as Registered Designs. However, there are serious obstacles in the Act and the law which impede any robust rights from being granted for this increasingly common distinguishing feature of PDAs, hand-helds, tablets and other mobile devices.

Computer Icons

An Australian design application must be identified in connection with a 'product'. This would appear to encompass computer icons and animations that are nominally applied to electronic devices such as a mobile phone or a computer screen.

However, the Australian Law Reform Commission's Report, which made recommendations on which the present Designs Act is based, and the Australian Designs Manual of Practice and Procedure, state that a 'product' must be a product at rest i.e. one which is not relying on a power supply. In the *Altoweb* case an application for a design displayed on a computer screen was rejected because the software creating the design was considered to be independent of the screen as manufactured or sold. The current Australian designs regime is therefore 'set' against protection for computer icons and animations.

Nevertheless, a design application does not require an applicant to identify whether a product is at rest or relying on a power source when filing a design application, and so it is possible to achieve a presence on the Australian Designs Register without complying with the intent or the specific requirements of the Designs Act. This is because an Australian design application does not undergo substantive examination before becoming registered. The Designs Register reflects the anomaly by its inclusion of a number of unexamined Australian registered designs for computer icons. Many of these are titled 'Electronic Device'. The validity of these design registrations for computer icons is questionable. A registered design must pass a substantive examination process and be 'certified' for the registration to be enforceable.

Assuming a design registration for a computer

icon is certified, a further complication potentially arises were it to be the basis of an infringement action. Specifically, it is not defined in the Designs Act whether an infringing product need be at rest. Consequently, the enforceability of a registered design for computer icons must also be doubtful.

Although it is possible to obtain a design registration for a computer icon applied to an electronic device, the validity and enforceability of such design registration remains uncertain. The only real value of such a design registration is that it could act as a potential deterrent to persons who review the Australian Designs Register before copying a computer icon which is the subject of a registered design.

Animations

In protecting animations under the Australian designs regime an additional problem is encountered.

Since a design is the overall appearance of a product resulting from the product's visual features, each 'frame' of an animation is likely to be considered as a separate design. If an application includes more than one design, the applicant is required to pay a separate fee in relation to each design. This adds a significant cost burden to 'proper' protection of an animation

Several design registrations, each covering a single frame of an animation would not properly substitute for the completeness of the animation. In other words, the animation is unlikely to be considered a sequence of static frames together creating an illusion of movement.

Although attempts have clearly been made to date, for all practical purposes it seems highly unlikely that either computer icons or animations are easily protected or enforced under the Australian designs regime.

Other avenues such as trade marks or copyrights may be more suitable for protecting computer icons and animations in Australia.

Shiraj Takle

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LexisNexis & Janders Dean

Legal Innovation Index

2013

We are honoured to be listed in the Janders Dean Lexis Nexis Legal Innovation Index 2013.

Watermark was selected for its innovative approach to intellectual asset management and patent mapping. The Legal Innovation Index recognises firms who provide truly innovative services and deliver superior value in a competitive market.

For more information see: <http://lexisnexis.com.au/media-centre/legal-research-and-innovation/media-release-2013-09-20-australia-and-new-zealands-first-legal-innovation-index-announced>

Watermark were proud sponsors at AusBiotech's Tech Transfer Summit in September. Karen Sinclair and Peter Hallett, along with our guest presenter Dr Tim Moore of PolyNovo Biomaterials, delivered a session on 'Investment Ready IP - keeping in step with global trends in Tech Transfer & IP'.



Raising the Bar on patent claim support requirements in Australia.

Patent claims which do not find support in their underlying patent specification are deemed invalid, and as a consequence are entirely unenforceable. A patent owner, in other words, is not entitled to more than has been invented.

The test for whether or not adequate 'support' exists is thus of vital importance to patent owners. Recent radical reforms to the test set out in the Australian Patents Act 1990 (Cth) by implementation of the Raising the Bar Act now apply.

Existing Australian law of 'fair basis' is supplanted

Prior to the reforms, the requirement for support was framed as one of 'fair basis' of the claims upon the underlying patent specification as per subsection 40(3) of the Patents Act. The principles of fair basis authoritatively set forth by the High Court of Australia are quite straightforward: the description must provide a 'real and reasonably clear disclosure' of what is claimed. In general terms, a single example or embodiment has been considered adequate basis for a claim, and parity of language between the claim and the description is not essential.

New subsection 40(2)(a) requires that a complete specification must 'disclose the invention in a manner which is clear enough and complete enough for the invention to be performed by a person skilled in the relevant art', and new subsection 40(3) that the claims be 'supported by matter disclosed' in the specification.

Uncertainty surrounds the new legislative language

The stated intention behind the new language is to leave behind established principles of fair basis to harmonise Australian requirements more closely with those that apply in the United Kingdom and Europe.

While there is an expectation that interpretation of the new Australian test for 'support' will follow established UK and European practice, this is far from assured. Australian courts are not bound by UK or European precedent. Patent owners are forgoing the relative certainty of the long time law of 'fair basis', and the Australian courts will need to grapple with whether or not to apply foreign precedents to the new Australian language, all in the context of other changes introduced by the Raising the Bar reforms.

Consequences for foreign owners of Australian patents

The stated intention of the new support requirements is to provide greater certainty for foreign owners of Australian patents because the new requirements for Australian patents more closely mirror those that apply overseas. European owners of Australian patents will find some familiarity in the new provisions. But support (also known as 'enablement' and 'written description') requirements in the United States are quite different, so there is no particular benefit to United States owners of Australian patents.

The reality is that foreign owners used to meeting UK and European standards will likely find little difference in the treatment of their Australian patent applications.

Consequences for Australian owners of Australian patents

Australian patent owners are encouraged to take greater care when preparing Australian patent applications. The revised requirements will undoubtedly demand a higher standard of compliance to ensure the validity of patent rights. This translates to the inclusion of more examples and more embodiments of an invention than previously. Having said this, the new standards are unlikely to present any particular problems for Australian applicants who routinely file patent applications to meet overseas requirements.

On which cases do revised support requirements apply?

Now that the Raising the Bar reforms are passed into law, the new support requirements apply to all applications that are filed henceforth. There is also a limited retrospective application of the new support requirements to all pending patent applications for which a request for examination was filed on or after 15 April 2013. The law of fair basis will however still pertain to patents for which the examination request was filed before 15 April 2013.

David Perkins

The politics of climate change in Australia.

They say a week is a long time in politics. But it seems even a day is a long time in climate change policy. Australian citizens voted in a Federal election on Saturday 7 September 2013 and as a result have a new government with new views on the reality of climate change, and new policies on climate change management.

'Climate change is the great moral challenge of our generation'. Kevin Rudd, former Prime Minister of Australia, 31 March 2007

Climate change policy has prompted numerous leadership spills in both major political parties and, ultimately, a change of government. Amid all of this political brawling, public support for action on climate change has diminished. It would seem that Australians have become disengaged. Is this because they see such ineptitude in our political leaders, with constant battles both within and between our major political parties, or is it that they have lost interest? Maybe, in these challenging economic times, they simply have more immediate issues of concern.

The good news is that both major political parties share similar targets for reducing carbon emissions. Both parties pledge to cut carbon emissions by 5% (below year 2000 levels) by 2020. They also agree on the mandatory renewable energy target (MRET) which aims to ensure that at least 20% of Australia's electricity comes from renewables by 2020.

But the parties have totally different policies on how to achieve it.

What is Australia's new climate change management policy?

The former Labor government initially proposed to introduce an emission trading scheme (ETS) but instead compromised on a carbon tax - a fixed carbon price gradually increasing over three years before transitioning to an ETS. More recently, faced with increasing public concern that Australia's carbon price (presently set at about A\$24 per tonne) far exceeds that of other countries, the Labor government announced that the carbon tax would be scrapped as of July 2014 in favour of an early move to an ETS. The proposal

was that the ETS would be linked to the European system and hence bring the price down to about A\$6 per tonne. Having lost government, this policy will not be implemented.

The alternative approach presented by the Liberal National Party conservative coalition, now to be executed, is a 'direct action' plan in which A\$3.2B has been budgeted for soil carbon programs, tree planting and other measures. Under this plan, farmers and industry will be paid to take action to reduce their emissions.

'We will abolish the carbon tax... The election will be a referendum on the carbon tax'. Tony Abbott, Prime Minister of Australia, 3 September 2013

The direct action plan is concerning in that several studies, including one commissioned by the independent think tank The Climate Institute, have found that it is unlikely to deliver the 5% reduction by 2020 within the expenditure budgeted.

What does 'direct action' mean for Australian industry?

Assuming changes to legislation to implement 'direct action' pass both houses of Parliament, the plan may deliver some certainty for Australian businesses and investors in clean energy technologies. The lack of certainty over recent years has significantly restrained clean energy investment at all stages from research to deployment of mature technologies. One measure of this is the Australian CleanTech Index¹ which monitors the performance of 70 clean technology stocks on the Australian Stock Exchange. The index lost 32.8% over the three years to August 2013 while the broader S&P/ASX200 gained 15.3% over the same period.

The uncertainty surrounding government policy creates risk. More-established technologies are favored in a risky environment and, in this regard, the wind turbine industry has benefited most. Both sides of politics are committed to the 20% renewable energy target, and wind energy, together with gas (as a

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What's the fuss? The economic impact of human gene patents.

The recent US Supreme Court decision to limit patent protection for naturally occurring human genes (Association for Molecular Pathology v. Myriad Genetics Inc.) has again focussed public attention on gene patenting in general. Putting aside the ethical/moral issues on the topic, a recent report discusses the economic drivers behind patenting human genes in Australia.



To put the economics of gene patenting under the microscope, IP Australia recently commissioned The Centre for International Economics (CIE), a private economic consultancy, to conduct an analysis of the economic impact of 'isolated human gene patents' in Australia. The analysis and subsequent report were approached from several perspectives seeking to understand:

- the financial arrangements associated with this type of patent activity (e.g. royalties received by institutions, research funding, research collaboration),
- the role of patents in bringing new medicines and diagnostics to market,
- the overall economic value to Australia of patents on genes,
- the cost to Australian consumers and society (e.g. the cost of higher prices for these types of biologic therapies),
- the impact of first inventions compared to follow on inventions, and
- a stocktake of isolated human gene patents in Australia.

The overarching question to which an answer was sought was whether or not gene patents are an incentive or disincentive to research in Australia.

CIE undertook an extensive review of the existing literature and commentaries in the field, consulted with relevant stakeholders, and extracted patent data from IP Australia's patent database, in order to provide both qualitative and quantitative analysis.

What is a 'gene patent'?

The sheer complexity and scope of what constitutes an 'isolated human gene patent' required detailed consideration, and accordingly gene patents, were broken down into a number of sub-groups, each of which is discussed and

assessed in depth in the report.

However, in order to conclude the analysis, the report settled on a definition of an 'isolated human gene patent' as follows:

'Isolated human gene sequence patents are the subset of total gene sequence patents that include at least one claim to an isolated human gene sequence. These claims could be to:

- An isolated full or partial length gene sequence (i.e. that encodes a human protein or a portion/fragment of a full length sequence that could be used as probe or primer, respectively); and
- A modified isolated human gene sequence (i.e. a sequence that has been altered over its naturally occurring counterpart, including those altered sequences that could encode for an altered protein with improved properties over the wild type/native protein).'

Even this definition proved to be too broad in the context of the report - so 'modified full or partial human gene sequence patents' were not included in the final analysis. In this respect the report clearly has some limitations in its consideration of the 'total' economic impact of gene patents.

Findings

Based on the above definition the report estimates that at least 3700 'isolated gene patents' have been filed in Australia, with around 1400 being filed before the completion of the Human Genome Project in 2003. Despite these relatively large numbers it is estimated that only 450 'isolated human gene' patents are currently in force in Australia, with very few being held by Australian entities (4.8%).

Notwithstanding the relatively small number of active patents, based on publicly available data CIE conducted an economic analysis to assess

the estimated monetary return from these patents, e.g. royalties and license fees, to Australian entities - primarily universities and medical research institutes. While the dollar values are modest: in the order of \$1.1 to \$2.6 million, CIE was able to derive some general findings on the economic value of these types of patents.

Based on its analysis, albeit with clear limitations, CIE made four key findings:

1. The measurable economic impact associated with isolated human gene patents, such as royalties and fee income, is limited.
2. Despite there being limited measurable economic impact, there has, over the last ten years, been a tripling in gross expenditure on medical and health sciences R&D in Australia. The report considers this to be the real value of these types of patent, namely 'incentivising' innovation.
3. There has been a significant reduction in patent activity in Australia directed at 'isolated human genes' since the completion of the Human Genome Project (2003).
4. Most patent activity in this technical field is now directed at modified gene sequences and methods of use.

Despite some degree of public hysteria over the perception that human genes are owned by private companies, given how many genes actually make up the human genome the findings of this report suggest otherwise. Rather, based on this empirical economic analysis, there appears to be an upside from human gene patenting based on its ability to drive innovation, which leads to improved health outcomes, and a net positive effect on the overall economy.

Dr John Golding



Innovation Patents – soon to be extinct?

Following on from its August 2011 Issues Paper, the Advisory Council on Intellectual Property has released an Options Paper outlining possible reforms of the innovation patent system.

Australia's innovation patent system provides a 'second-tier' patent right sharing many similarities with utility model rights that apply in many other countries around the world. Innovation patents have a maximum term of eight years and, once certified, a maximum of five claims.

At a broad level the three options presented by ACIP are not startling: no change, abolition, or reform.

While the recent Raising the Bar legislation introduced some refinements of the laws surrounding innovation patents, there remain a number of issues that are highlighted for possible future reform.

The test of innovative step

The general theme of the proposed reforms deals with concerns that innovation patents are too easy to obtain or – conversely – too difficult to invalidate.

Accordingly, the test of 'innovative step' has been put under the spotlight for particular consideration. The test is perceived as too favourable to innovation patent owners.

An 'innovative step' requires only a novel feature which makes a material difference, or 'substantial contribution', to the operation of the claimed product. This is a significantly less onerous requirement than that of an 'inventive step' required for Australian standard patents.

Discussion in the Options Paper proposes incrementally raising the level of innovation required for certification of an innovation patent while underscoring the difficulty in actually formulating such a test.

Given that the question of what represents an inventive step has occupied the courts for centuries, without a bright-line conclusion, formulating a similar but subtly different test is (obviously) a challenge.

It has been suggested that the level of innovation required should be raised to that of inventive step. It is indisputable that this is an untenable position as it would effectively render the innovation patent system an irrelevant curiosity.

Limiting the scope of the monopoly granted or the remedies available

A second theme of the Options Paper is that the rewards offered by the innovation patent system are not commensurate with the ease of obtaining innovation patents. More particularly: that the rewards are overly generous to innovation patent owners, and liable to strategic abuse.

The lightning rod here is the legislative availability of injunctive relief for alleged infringement of innovation patents set against the lower threshold for patentability that applies.

The various options for tweaking the availability of injunctive relief – such as limiting the availability of injunctions to patentees with corresponding products in the marketplace – require careful consideration. Changing the rules may simply create different problems, such as perverse incentives for innovative patent owners working within the new rules.

The Options Paper also floats the possibility of restricting the scope of monopoly offered by an innovation patent. This might involve a strict limitation of monopoly rights to particular embodiments disclosed, for example. This is a viable suggestion in keeping with the low hurdle currently offered by the innovative step test.

Economic value of innovation patents

A report by independent consultancy Verve Economics accompanies the Options Paper. Over 4,000 innovation patent owners were canvassed through a comprehensive survey, and over 500 responses were received.

Innovation patent owners were asked to self-assess the economic value of their innovation patent. The majority of responses fell within the range of \$100,000 to \$1M – with a weighted average value of \$895,000.

It is tempting to conclude that these self-reported figures represent a generous 'guesstimation' rather than a cold and rigorous evaluation of economic value. Nevertheless, the figures cannot be ignored, and at the very least indicate a particularly confident perception of strong economic value bound up in innovation patent rights.

Emerging trends

Filed at the rate of one for every 20 standard patent applications, innovation patents have to date been underutilised and arguably underappreciated by foreign as well as local interests. The majority of applicants are domestic Australian applicants using the system to protect local innovation, although the gap between the number of local and foreign applicants has been closing since 2009 when the strength of innovation patents as a commercial tool became apparent from the *Dura-Post v Delnorth*¹ decision. Abolition of the system would defeat the government's intended purpose for introducing a second tier patent system in 2001 which was to encourage and reward Australian innovation. This outcome of the Review seems highly unlikely.

As the system currently stands, many prospective innovation patent owners will remain motivated to seek innovation patent rights that are difficult for third parties to invalidate, yet offer the same suite of remedies as standard patents, albeit over a truncated term. There is a level of disquiet about this unintended outcome of the introduction of the system.

Evidence exists that international corporations (most notably Apple, Inc, and Dyson Technology Ltd) are increasingly recognising the strategic value of holding Australian innovation patents. Should this trend become broader and deeper, perceived deficiencies of the innovation patent system will inevitably become more apparent, and consequently the pressure for reform will increase.

Christian Schieber and David Perkins

¹ *Dura-Post (Australia) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 (30 June 2009)

The politics of climate change in Australia.

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transitional fuel), are the surest way to achieve it.

Reflecting this, developers of wind turbines have sought patent protection for their technologies in Australia, at least until very recently. The accompanying chart shows the number of patent applications filed in Australia for wind turbine technologies² (including direct national applications and PCT national phase) over the past 10 years. Applications increased steadily from about 2007 to 2011 but then dropped suddenly in 2012. This drop can only partly be explained by unpublished applications³ because these would only be a very small portion of the total.

The drop in patent applications in 2012 causes us to wonder whether even international wind turbine businesses have recently become nervous about the Australian renewable energy sector. Why protect R&D in a particular jurisdiction if there is no market for a product which embodies it? Whether or not one agrees with the 'direct action' approach, the change of government, and change of policy, should provide some certainty for the renewable energy sector in Australia. We look forward to seeing how this unfolds over the next year or so.

Ray Tettman

1. Published by Australian CleanTech, www.auscleantech.com.au

2. Class F03D of the International Patent Classification (IPC) relating to 'wind motors'

3. Patent applications are generally published 18 months after filing, so any non-convention applications would not yet be published

