AUSTRALIAN PATENTS and TRADE MARKS UPDATE 2015

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- NRDC in 1959

- "To attempt to place upon the idea the fetters of an exact verbal formula could never have been sound. It would be unsound to the point of folly to attempt to do so now,…"

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71[2014] FCAFC 150

- Claim 1 :A computer-implemented method for generating an index, the method including steps of:(a) accessing data relating to a plurality of assets;(b) processing the data thereby to identify a selection of the assets for inclusion in the index based on an objective measure of scale other than share price, market capitalization and any combination thereof;(c) accessing a weighting function configured to weight the selected assets;(d) applying the weighting function, thereby to assign to each of the selected assets a respective weighting, wherein the weighting:(i) is based on an objective measure of scale other than share price, market capitalization and any combination thereof; and (ii) is not based on market capitalization weighting, equal weighting, share price weighting and any combination thereof, thereby to generate the index.

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71;[2014] FCAFC 150

- Research Affiliates:

- The index generated by the claimed method is the same kind of artificially created state of affairs as the representation of a curve, or the representation of Chinese language characters, or the writing of information to a smart card produced by a computer.

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71; [2014] FCAFC 150

- Emmett J [67] (first instance):
- "the index generated is nothing more than a set of data. The index is simply information: it is a set of numbers. It is no more a manner of manufacture than a bank balance, whether represented as data in a bank's computer, written on a piece of paper or kept in a person's memory. While it is true that the index may be stored in the computer's RAM, or on a memory device, or can be transmitted, that can be said of any data generated by a computer**. If that were sufficient to satisfy the requirement of an artificially created state of affairs, any computer-implemented scheme would be patentable, merely by reason of the fact that it happens to be implemented by a computer."**

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71; [2014] FCAFC 150

- Appeal to Full Court
- Issues as defined by Full Court [1] [11]:

"*whether computer implementation of an otherwise unpatentable business scheme is sufficient to make the claimed method properly the subject of letters patent*" or alternatively

"*is the fact that a claimed method to a new kind of transaction requires a computer for implementation sufficient to bring it within the realm of patentability?*"

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71; [2014] FCAFC 150

- [101]
- The Full Court explained that the High Court's reference in *NRDC* to an "*artificially created state of affairs of economic significance*" as a requirement for patentability was not "*a sufficient or exhaustive statement of the circumstances in which a claimed invention is patentable*."

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71; [2014] FCAFC 150

- The key is to understand the invention.
- [101] [106]
- The determination of whether the claimed invention is "*an artificial state of affairs*" should not be made by "*some mechanistic application of the criterion of artificiality or physical effect, but by an understanding of the claimed invention itself*." (emphasis added)

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71; [2014] FCAFC 150

- The relevant inquiry is "*not into the form of words*" used to describe or claim the invention, but to understand the invention "*as a matter of substance and not merely as a matter of form*."

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71; [2014] FCAFC 150

- The implementation of a method on a computer is not in itself sufficient for patentability.

- Full Court noted with approval the distinction drawn by Thomas J in *Alice Corporation* between the "*mere implementation of an abstract idea in a computer and implementation of an abstract idea in a computer that creates an improvement in the computer*." (emphasis added)

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71; [2014] FCAFC 150

- [107] -[110]
- It was apparent from the description in the specification that the computer was "*simply the means whereby the analyst accesses data*…" The computer of the invention was described in general terms "*without an indication that any unusual technical effect is utilised*."
- The use of the algorithms did not involve steps which were "*foreign to the normal use of computers*."

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71; [2014] FCAFC 150

- The Full Court approved the distinction made by the primary judge, Emmett J, between use of a computer in a method, and a method that involved "*a specific effect being generated by the computer or an improvement in the operation of, or effect of the use of, the computer*." The Full Court did not find any such specific effect or improvement.

Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71; [2014] FCAFC 150

- [114] [115]
- The Full Court found that the "*subject matter is truly the scheme, the idea, the index*." and the ingenuity of the inventors "*is in the scheme*". While the scheme was implemented on a computer, the "*ingenuity of the inventors, the end result of which is the invention, is directed to the idea, which is not patentable*."

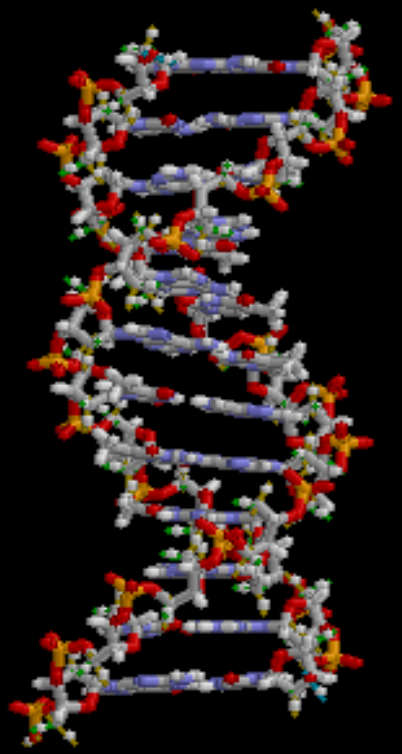
Research Affiliates, LLC v Commissioner of Patents [2013] FCA 71; [2014] FCAFC 150

- The Full Court in *Research Affiliates* considered Justice Middleton's reasons in *RPL v Commissioner of Patents.*

- [98] The Full Court noted that his Honour said that "*[i]mportantly 'the involvement of the computer in the invention is described in these claims in such a manner that it is inextricably linked with the invention itself' "* and that the computer was "*integral"* to the invention.

- Full Court to hear this appeal on 4 May 2015.

D'Arcy v Myriad Genetics Inc [2014] FCAFC 115 (Allsop CJ, Dowsett, Kenny, Bennett & Middleton JJ, 5 September 2014)



Decision on the patentability of isolated nucleic acids
Another expanded full bench of the Federal Court
Appeal dismissed

D'Arcy v Myriad Genetics Inc (continued)

- Myriad Genetics, Inc., owns patent 686004, claiming isolated nucleic acids coding for mutant or polymorphic BRACA1 polypeptides. (breast cancer)
- The appellant at first instance applied for revocation of claims 1-3 of the patent on the grounds that the claims did not claim a manner of manufacture.
- This appeal from the dismissal of the application was heard by an expanded panel of 5 judges.
- In the US Supreme Court, equivalent (but differently worded) claims were found to be invalid. *Association for Molecular Pathology v Myriad Genetics, Inc.* (2013)

D'Arcy v Myriad Genetics Inc (continued)

- The reasons present a detailed explanation of the Australian law on manner of manufacture and, in particular, the meaning and application of *NRDC*.

A key example

- "*That is not to say that merely demonstrating some sort of "artificial effect" always confers patentability. The principle to be taken from the High Court's explanation in NRDC is in terms of the <u>intervention of man</u> to produce from, or by means of, a naturally occurring product or the laws of nature, <u>something artificial or of an artificial effect</u> that can bring benefit to mankind. That benefit generally has economic utility."* [168] (emphasis added)

D'Arcy v Myriad Genetics Inc (continued)

The expanded Full Court found:

- "*There is a distinction between a claim to an isolated nucleic acid comprised in part of a sequence of nucleotide bases and a claim to a written sequence of nucleotides…*" [194]

- The claims to an isolated nucleic acid were found to be to a molecule that did not exist in nature [194], [213]

D'Arcy v Myriad Genetics Inc (continued)

- The expanded Full Court emphasized that *NRDC* is "*not a statute nor is it to be narrowly construed*" [166]

- Noted that the High Court held, in *NRDC* "*that it is sufficient for a product to result in 'an artificially created state of affairs', leading to 'an economically useful result'* ". [207]

- An isolated nucleic acid was found to be "*itself an artificial state of affairs*" [166] which leads to "*an economically useful result – in this case, the treatment of breast and ovarian cancers*." [214] Therefore the isolated DNA "*has resulted in an artificially created state of affairs for economic benefit*" [218] and is patentable.

D'Arcy v Myriad Genetics Inc (continued)

- [115]:

- *It is no answer to ingenuity in the discovery that the materials would produce a useful result to say that there was no ingenuity in showing how the discovery, once made, might be applied.*

cf Research Affilliates FFC

"ingenuity of the inventors, the end result of which is the invention, is directed to the idea, which is not patentable."

Cancer Voices Australia v Myriad Genetics Inc [2013] FCA 65

- U S Supreme Court in *Association for Molecular Pathology v Myriad Genetics, Inc*. distinguished. Full Court preferred the reasoning of Lourie J and Moore J in dissent.

- *What is being claimed is not the nucleic acid as it exists in the human body, but the nucleic acid as isolated from the cell. The claimed product is not the same as the naturally occurring product. There are structural differences but, more importantly, there are functional differences because of isolation. (At [212])*

- Leave to appeal to High Court granted.

AstraZeneca AB v Apotex Pty Ltd [2014] FCAFC 99 (Besanko, Jessup, Foster, Nicholas and Yates JJ, 12 August 2014)

Low Dose Rosuvastatin ('051)

Rosuvastatin with inorganic salt/multivalent cation ('842)

Appeal dismissed

AZ v Apotex (continued)

- Rosuvastatin used to lower cholesterol (statin)
- AstraZeneca ('AZ') owner of:
  - '051 patent ('low dose patent').
  - '842 patent ('cation patent').
- At trial the patents found to be invalid for lack of novelty, inventive step and AZ not entitled to low dose patent.

AZ v Apotex (continued)

Inventive step

- One issue of principle between the parties was the "starting point" for the assessment of inventive step.

- AZ submitted that the primary judge had erred in relying on the approach of the Full Court in *Apotex v Sanofi-Aventis* (2009) 82 IPR 416, to treat rosuvastatin as a "given" in the starting point for the invention.[11]

- Two sets of reasons, a majority of Besanko, Foster, Nicholas and Yates JJ, and Jessup J on inventive step.

AZ v Apotex (continued)

The expanded Full Court held:

- The question of inventive step is to be determined by comparing the invention, so far as claimed, against the common general knowledge and any 7(3) information. [202]

- This body of information cannot be enlarged by reference to the description in the specification, including any problem the invention is explicitly or implicitly directed at solving. [202]

- For example, "*it is not permissible to attribute a knowledge of the problem on the basis of the inventor's "starting point" such as might be gleaned from a reading of the specification as a whole*."[203]

AZ v Apotex (continued)

- Rosuvastatin was not part of the cgk as at the priority date of the low dose patent. [10]
- "*The selection of rosuvastatin is an integer of the invention as claimed. The question implicitly posed by the Patents Act is not "given rosuvastatin, would the administration of it at the claimed doses be obvious?" Rather, the question is "given a patient suffering from hypercholesterolemia, would the treatment of him or her with rosuvastatin at the claimed doses be obvious?"* [504]
- So, the appeal (re the low dose patent) was allowed in relation to lack of inventive step <u>in light of the cgk</u>.[504]

AZ v Apotex (continued)

- However, when either of two 7(3) documents were combined with the cgk, the low dose patent was obvious.
- So, the low dose patent was still invalid for lack of inventive step, despite the error in approach.
- In contrast, there was no relevant 7(3) document in relation to the cation patent.
- The priority date for the cation patent was moved forward 5 years and it was consequently not novel, but if the original priority date had remained, the majority would have allowed the inventive step appealon the basis that rosuvastatin was not part of the cgk. [230]

AZ v Apotex (continued)

- The extended Full Court said that it was not strictly necessary for it to express a view as to the correctness of the Full Court's approach to the assessment of inventive step in *Sanofi-Aventis* as that decision related to the 1952 Act. [217]

- However, the approach to be applied to the 1990 Act is clear. The "essentially objective comparison" mandated by the 1990 Act is "*between the invention as claimed and the relevant prior art (i.e., the common general knowledge and any available s 7(3) information)*" [213] which is not to be supplemented with the "*inventor's starting point*" from the specification. [203]

AZ v Apotex (continued)

Novelty

- The reasons include valuable guidance on the role of enablement in anticipation.
- At trial, the low dose patent had been found to be anticipated by patent '471 and the Watanabe article.
- There was "no question" that the claims of the low dose patent fell within "*the broad description in the 471 patent*" [289]
- The "real question" was whether '471 disclosed "*precisely the method of treatment claimed in 051*" [288]

AZ v Apotex (continued)

- The majority, with whom Jessup J agreed, held that "*sufficiency of disclosure is a cardinal anterior requirement in the analysis of whether a prior art document anticipates a claimed invention*." [302]

- The reverse infringement test is not applied until after this enablement requirement has been satisfied. [302]

- "*Although the common general knowledge can be used in a limited way to construe a prior art document, s 7(1) does not permit the common general knowledge to be used as a resource that can be deployed complementarily to arrive a disclosure which the document alone, properly construed, does not make*" [352]

AZ v Apotex (continued)

- '471 was not an anticipation because it disclosed a broad range of doses.
- Some of those doses would fall within the low dose patent but others would not, so that it could not be said that a PSA "*would inevitably do something that would inevitability infringe*" the claims of the low dose patent. [298]
- The trial judge had erred by impermissibly supplementing the disclosure of Watanabe (which did not in terms disclose any dosage levels [344]) by reference to information in the cgk but not disclosed explicitly or implicitly in Watanabe. [354]

AZ v Apotex (continued)

Fair Basis – Cation patent

Relevant part of claim 1

- "A pharmaceutical composition comprising [rosuvastatin] or a pharmaceutically acceptable salt thereof as the active ingredient and an inorganic salt in which the cation is multivalent…"

- The disclosure in the cation patent, including the examples, was always of the inorganic salt being mixed or blended with rosuvastatin. [416]

- At trial, on the question of infringement, claim 1 was construed so as to include the Apotex product where titanium dioxide/ferric oxide were used in the coating.

AZ v Apotex (continued)

- With respect to the fair basis of the claim, AZ relied on a consistory clause and the High Court in *Doric No 1*
- The expanded Full Court said that question is "*whether the description of the invention in the specification, read as a whole, corresponds with the consistory clause*." [421]
- And it found that despite the consistory clause, the cation patent "*when read as a whole, describes an invention consisting of a pharmaceutical composition the active ingredient of which has been <u>mixed</u> or <u>blended</u> with certain organic salts*." (emphasis added) [419]

AZ v Apotex (continued)

- Apotex submitted that either claim 1 did not include compositions where the inorganic salts were only in the tablet coating, or if it did, the claim was then not fairly based on the specification.
- This submission, although not accepted at trial, was accepted by the expanded Full Court.

AZ v Apotex (continued)

- The expanded Full Court also provided some useful guidance on indirect infringement and s 117 PA.

s 117(2)(c) – "inducement" or "instruction"

- The primary judge had found an express statement in the Watson product information that "*[t]he 10,20 and 40 mg tablets can be divided into equal halves*" in light of all the evidence, not to constitute a relevant inducement or an instruction.

- The expanded Full Court disagreed and found that it was a clear inducement to consumers of its 20 mg dosage product to engage in tablet splitting. [427]

AZ v Apotex (continued)

s 117(2)(b) – "not a staple commercial product" and "reason to believe"

- Generic parties submitted that rosuvastatin was a staple commercial product because it was used to treat various different conditions – relying on *Northern Territory of Australia v Collins*, Crennan J at [145]

- The expanded Full Court considered her Honour's reference (at [145]) to a staple commercial product as "*a product supplied commercially for various uses*".

AZ v Apotex (continued)

- The Court considered various formulations of the meaning of a staple commercial product.
  - "[a] basic product commonly used for various purposes" Crennan J [143]-[144]
  - "raw materials or other basic products commonly available and with a multitude of possible applications" in *Terrell on the Law of Patents* referred to by Crennan J at [144]
  - "a staple commodity with a wide variety of possible uses" IPAC report
- The formulation used by the expanded Full Court was "*either raw materials or basic products commonly used for a variety of purposes*." [431]

AZ v Apotex (continued)

Reason to believe

- The primary judge found that the generic parties were aware or should have been aware that there was a risk that some consumers would split 20 mg tablets to two 10 mg doses.

- However, the primary judge stopped short of holding that the generic parties had reason to believe that consumers would engage in such a practice. [438]

- The expanded Full Court found that the evidence established that some consumers would split the tablets (infringing use) and that this was sufficient for s 117(2)(b) liability (if the patent had been valid). [439]

AZ v Apotex (continued)

Relief for s 117 based infringement

- The expanded Full Court also noted a problem with the application of 117(1) and(2)(b).

- To be engaged, the sub sections require the supplier to have reason to believe that *the person* to whom the product is supplied will put it to infringing use.[443]

- This provision is difficult to apply to the situation where the supplier has reason to believe that some, perhaps even only a "very small minority" will put the product to an infringing use. [444]

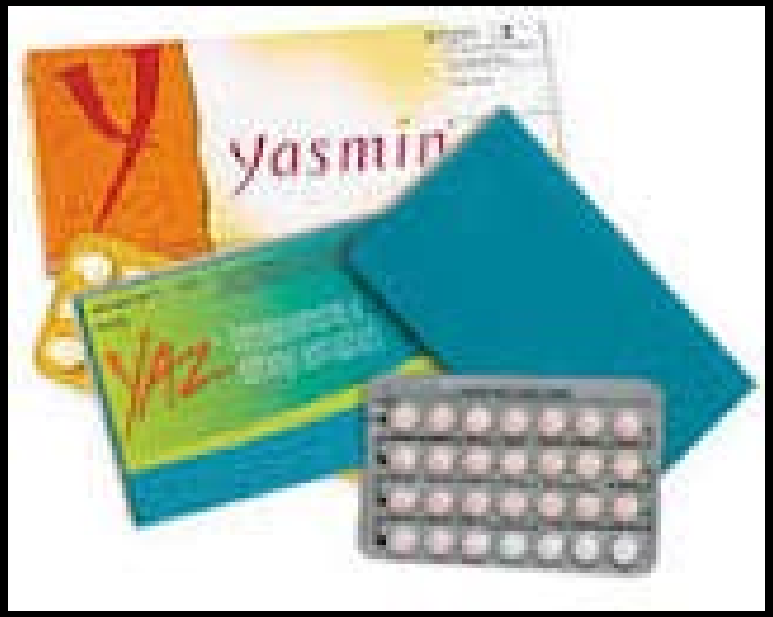
AZ v Apotex (continued)

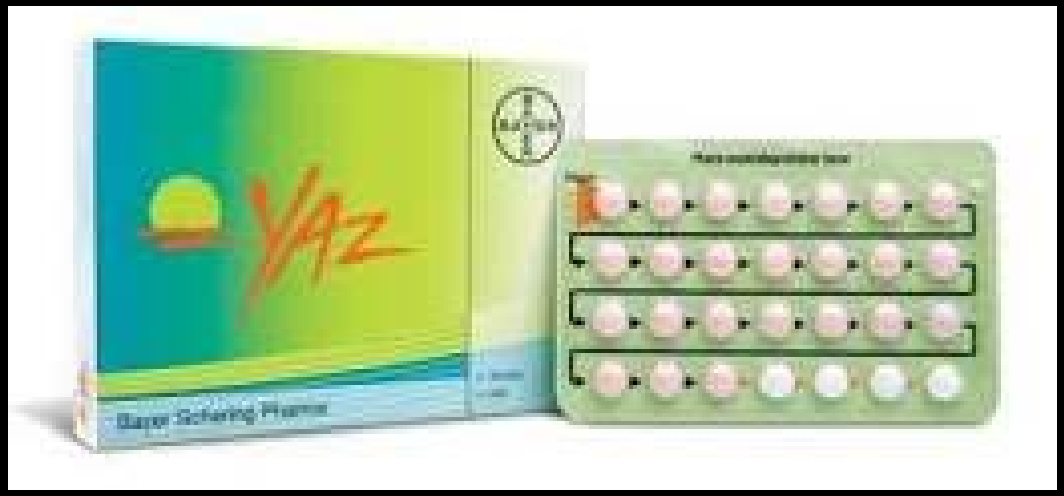
Relief for s 117 based infringement (cont.)

- The expanded Full Court suggested that it may be undesirable to impose a blanket restraint upon a supplier in a situation where the supplier would have no reason to expect that the majority of customers would put the product to an infringing use. [444]

- The Court said that even if infringement of a valid low dose patent had been found in relation to 20 mg tablets, on the basis that some patients would split them to 10 mg doses, it would not have granted the wide injunction sought by AZ, and would have fashioned a proportional response balancing the extent of infringing use and the scope of injunctive relief. [443]-[444]

Generic Health Pty ltd v Bayer Pharma Aktiengesellschaft [2014] FCAFC 73





Generic Health v Bayer (cont.)

- Full Court decision (appeal dismissed)
  - Patent for a pharmaceutical combination of ethinylestradiol and drospirenone for use as an oral contraceptive. [2]
  - At first instance, patent claims found valid and infringed.[3]
  - Relevant claims were for a composition wherein 70% of the drospirenone dissolved within 30 minutes under a particular USP test method ('rapidly dissolving composition') [11]-[12]

Generic Health v Bayer (cont.)

- Drospirenone is acid labile and poorly soluble. [32]
- Bayer adduced evidence to the effect that the PSA would have developed an enteric coated formulation rather than an immediate release formulation. [22],[32]

Generic Health v Bayer (cont.)

- Issue of principle between the parties related to the "reformulated Cripps question" and its application.
- Cripps qn:
- "*Would* the notional research group…, in all the circumstances, which include a knowledge of all the relevant prior art…, *directly be led as a matter of course to try* the [claimed invention], *in the expectation that it might well* produce a useful alternative to or better drug ?"

Generic Health v Bayer (cont.)

GH submitted that:

- Obviousness is not always to be determined by the reformulated Cripps question [70] The 'alternative' formulation of Aickin J in *Wellcome*: *"experiments of a routine character to be tried as a matter of course'* could be applied.

- That the PSA has an expectation of success is not a necessary requirement to demonstrate obviousness [65]

- It is sufficient if the steps are "of a routine matter to be

Generic Health v Bayer (cont.)

The Full Court:

- The reformulated Cripps question is not a test that must be applied in every case. [71]

- However, it is implicit in the alternative formulation of Aickin J in *Wellcome*: "*experiments of a routine character to be tried as a matter of course*" that the PSA has "*an expectation that the experiment might well succeed*". [71]

- So, there is no divide between the two formulations in that that an expectation of success (in leading to the invention or something similar) is required in both. [71]

- The rejection of the "worthwhile to try" test was reaffirmed. [71]

Damorgold Pty Ltd v JAI Products Pty Ltd [2015] FCAFC 31 (13 March 2015)

- Darmagold(JAI?) owner of Australian Patent No. 760547 entitled "A blind control mechanism" for a spring assisted blind mechanism.
- Commercial embodiment was the 'RolaShades' product.
- Before the priority date, the RolaShades product was displayed at the showroom in Atarmon, and also shown at customers' places of business.
- RolaShades product not sold before priority date. Samples shown to customers were all retained by JAI and not left with customers (at [151]).

Damorgold Pty Ltd v JAI Products Pty Ltd [2015] FCAFC 31 (13 March 2015)

- The patented mechanism was not visible without an examination of the external componentry

Issue:

- Did the showing of product to potential customers constitute to making the RolaShades product 'publicly available' in Australia and therefore relevant prior art?.

Damorgold Pty Ltd v JAI Products Pty Ltd [2015] FCAFC 31 (13 March 2015)

Trial Judge at [157]

- '*it does not matter that the RolaShades product was not actually disassembled*' as each potential customer had the opportunity of '*a complete examination of the internal componentry of the RolaShades product*' . There was no fetter placed on a potential customer as to the use of the information obtained from such an examination.

- Therefore, anticipation.

- Appeal to Full Court

Damorgold Pty Ltd v JAI Products Pty Ltd [2015] FCAFC 31 (13 March 2015)

Held: No anticipation

Bennett J [58]

"it is necessary, to establish lack of novelty, that the evidence established that the disclosure of the RolaShades product enabled the person to understand the invention by disclosing the essential integers of it. Mere observation of the way that it worked did not provide such an enabling disclosure. There was no evidence that any customer was in fact interested in the internal componentry of the RolaShades product, or that any customer was in fact free to examine the product as he or she pleased, or that any customer actually had the opportunity to ascertain the internal workings of the RolaShades product."

Australian Mud Company Pty Ltd v Coretell Pty Ltd [2014] FCA 200 [2014]

- Privilege claimed by the patentee, Australian Mud Company Pty Ltd in respect of certain communications with Australian Patent Attorney to assist in drafting specification.
- None of the communications constituted formal advice.
- Made for the dominant purpose of enabling the patent attorneys to prepare the patent specification and associated advice on patentability.

Australian Mud Company Pty Ltd v Coretell Pty Ltd [2014] FCA 200 (13 March 2014)

- [12] The current version of s 200 of the Patents Act protects communications between patent attorney and client made for the dominant purpose of providing intellectual property advice to the client to the same extent as such communications would be protected if they were between legal practitioner and client.

Australian Mud Company Pty Ltd v Coretell Pty Ltd [2014] FCA 200 (13 March 2014)

'intellectual property advice' in s 200 PA should be broadly construed :

- extends beyond a communication that constitutes advice, or a request for advice, in any narrow sense': at [15]

- includes 'professional legal advice as to what should prudently and sensibly be done in the relevant legal context': at [17]

- encompasses other forms of 'legal assistance' (such as litigation): at [16]

Australian Mud Company Pty Ltd v Coretell Pty Ltd [2014] FCA 200 (13 March 2014)

- Filing of patent application does not constitute a waiver of privilege in the s. 200 communications (at [21]).

Sunesis Pharmaceuticals Inc v Commissioner of Patents [2015] FCAFC 29

- Sunesis failed to apply for examination of Sunesis' patent application within the grace period. Sunesis applied for an extension of time to have the patent application examined under the old regime.

- Sunesis argued that section 223 included circumstances where the requirement to act within a certain time is set by the commencement of a legislative amendment which was not in force when the relevant act, the request for examination, was said to have been "required".

Sunesis Pharmaceuticals Inc v Commissioner of Patents [2015] FCAFC 29

- Full Court affirming the findings of the Administrative Appeals Tribunal in dismissing appeal:

- *"Sunesis is really requesting the Commissioner to deem an application made on 15 May [2013] [which would have brought examination under the more onerous regime] to have occurred on 12 April 2013 [which would have brought examination under the less onerous regime]. That is not the power granted in s 223(2) of the Act, which is to extend the time for doing an act."*

- TRADE MARKS

CINQUE
STELLE
CAFFÈ
Molinari
MISCELA DI CAFFÈ MACINATO
Cinque
Stelle

Cantarella Bros PL v Modena Trading PL [2013] FCA 8

- Cantarella owns TMs ORO and CINQUE STELLE for coffee
- ORO is Italian for GOLD
- CINQUE STELLE is Italian for FIVE STARS
- Cantarella sold in Australia:
  - VITTORIA ORO branded coffee since 1996
  - VITTORIA CINQUE STELLE branded coffee since 2000

Cantarella Bros PL v Modena Trading PL [2013] FCA 8

- Since 2009, Modena imported coffee supplied by Molinari SpA branded
  - CAFFÈ MOLINARI ORO and
  - CAFFÈ MOLINARI CINQUE STELLE
- Cantarella sued Modena for TM infringement

Cantarella Bros PL v Modena Trading PL [2013] FCA 8

- Modena's cross-claim:
  - ORO and CINQUE STELLE not registrable under s 41
    - not inherently adapted to distinguish or in fact distinctive

Cantarella Bros PL v Modena Trading PL [2013] FCA 8

- Clarke Equipment test:

- "[T]he likelihood that other persons, trading in goods of the relevant kind and being actuated only by proper motives – in the exercise, that is to say, of the common right of the public to make honest use of words forming part of the common heritage, for the sake of the signification which they ordinarily possess – will think of the word and want to use it in connexion with similar goods in any manner which would infringe a registered trade mark granted in respect of it."

Cantarella Bros PL v Modena Trading PL [2013] FCA 8

- Held per Emmett J:
- ORO and CINQUE STELLE inherently adapted to distinguish:

- Distinctiveness of foreign word depends on whether the particular word is sufficiently well understood in Australia

Cantarella Bros PL v Modena Trading PL [2013] FCA 8

- Meaning of CINQUE STELLA and ORO may be clear enough to an Italian speaker
- But only a small minority of English-speaking people in Australia would understand the allusions made by those words
- CINQUE STELLA and ORO would not be generally understood in Australia as having laudatory meanings of FIVE STARS and GOLD

Modena Trading v Cantarella Bros (2013) 215 FCR 16

- Appeal to Full Court
- Mansfield, Jacobson & Gilmour JJ:
- S 41: ORO and CINQUE STELLE not inherently adapted to distinguish.
- Canterella's TMs should be cancelled.

Modena Trading v Cantarella Bros [2013] FCAFC 110

- Other traders are likely, in the ordinary course of their businesses and without any improper motive, to desire to use ORO and CINQUE STELLE in connection with their own coffee-related goods, because:

Modena Trading v Cantarella Bros [2013] FCAFC 110

- First, the words mean "*gold*" and "*five stars*", signifying high quality.
- Secondly, coffee in Australia is often associated with Italy, thus it is obvious to use Italian words to describe the quality of a coffee blend.
- Thirdly, Italian is the second most utilised language in Australia.
- Finally, and most importantly, other coffee traders have used the words ORO and CINQUE STELLE.

Modena Trading v Cantarella Bros [2013] FCAFC 110.

The Full Court considered that, as honest traders want to use the words in the course of trade, the marks were not capable of distinguishing.

Accordingly, the Full Court's application of the test focused on the traders rather than consumers.

Modena Trading v Cantarella Bros [2013] FCAFC 110.

- The Full Court found that it was not correct to ask, as the trial judge had done, whether "the Italian words were "commonly understood" … in Australia by "ordinary English speaking persons" as meaning five stars and gold respectively." Rather, "the test for distinctiveness … is focussed, …on the likelihood of **traders in the relevant goods … thinking of and wanting to use, as here, the words in suit although not as a mark."**

Modena Trading v Cantarella Bros [2013] FCAFC 110.

Such traders may include those who deal "in coffee products sourced from Italy". They may be Italian, local importers or distributors "who have in mind" consumers who are Italian speakers or other Australians seeking coffee with "an Italian look or feel." It is the likely use of the words in questions by such traders which is to be considered to determine distinctiveness .

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Cantarella Bros v Modena Trading [2014] HCATrans 53

- 14 March 2014: special leave to appeal to the High Court granted.
- Key issue:
  - In applying s. 41, particularly in the context of foreign language words, must the word(s) have a descriptive meaning to the consuming public (as opposed to the traders in the goods).

Cantarella Bros v Modena Trading [2014] HCATrans 53

- Held (4-1 majority):
- The test to be applied when assessing the inherent distinctiveness of foreign words is the same as it is for English words.

- It requires an assessment of the "ordinary signification" of the words having regard to persons who will **purchase, consume or trade in the goods** and in the historical context of Australia being an English speaking nation.

Cantarella Bros v Modena Trading [2014] HCATrans 53

- This allows a determination as to whether the word contains a "direct reference" to the relevant goods (prima facie unregistrable) or a "covert and skilful allusion" to the goods (prima facie registrable).

Cantarella Bros v Modena Trading [2014] HCATrans 53

- The *Clarke Equipment* test is "not whether traders desired to use words, English or foreign, which convey an **allusive or metaphorical meaning** in respect of certain goods".

- The test refers to "the legitimate desire of other traders to use a word which is **directly descriptive** in respect of the same or similar goods"[3]

Cantarella Bros v Modena Trading [2014] HCATrans 53

- The Full Court "misunderstood" the expression "ordinary signification" in rejecting the trial judge's "Anglocentric approach" in determining the ordinary understanding of the words "Cinque Stelle" and "Oro" in Australia.

Cantarella Bros v Modena Trading [2014] HCATrans 53

- Evidence did not show that either "Cinque Stelle" or "Oro" were being used to describe any attribute of coffee.
- Accordingly, the "ordinary signification" of the words to coffee were merely allusive.

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- Apple filed an application to register **APP STORE** in Australia on 18 July 2008 in respect of services in classes 35, 38, and 42.

- The mark found by Registrar to be not registrable - not to any extent inherently adapted to distinguish the designated services.

- Apple failed to establish factual distinctiveness.

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- Apple appealed to the Federal Court
- Yates J dismissed appeal.
- Interesting observations on the role of Delegate's decision in the appeal and also the proper role of the Registrar in appeals.

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- " **app store** " could only be fully-understood non-compositionally.
  - (a) entrenched a narrow meaning of the word "app" to refer to "small programs tailored to quite specific tasks and running on hand-held devices" and
- (b) ushered in a novel meaning of "store".

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- Apple's expert:
- four "noteworthy aspects" to the meaning to be attached to Apple's use of the word "store" in the expression " **app store** ":
  - the non-physicality of the outlet;
  - the intangibility of the goods on offer;
  - the downloading of software licences onto a hardware device, and
  - the showcasing of different sellers' goods in one location.

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- Held:
- APP STORE was not to any extent inherently adapted to distinguish the designated services as at the filing date.
- Factual distinctiveness not established (only 8 days use before filing date).

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- Dispute whether the relevant date for assessing whether mark complies with s. 41 was the priority date (Registrar's contention), or the filing date of the application (Apple's contention).

- [59]Registrability under s 41 of the Act must be assessed at the filing date of the application.

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- Relevance of Registrar's decision.
- Yates J quoted, French J In *Woolworths* (at 377):
- … Weight can be given to the Registrar's opinion without compromising the duty of the Court to construe the relevant legal criteria. When the proper principles are applied to the manner in which a judgment is to be made about an issue such as "deceptive similarity" there is room for a degree of deference to the evaluative judgment actually made by the Registrar. That does not mean that the Court is bound to accept the Registrar's factual judgment. Rather it can be treated as a factor relevant to the Court's own evaluation.

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- Proper role of the Registrar
- The Registrar adduced evidence from:
  - Dr Neil James, Executive Director of Plain English Foundation Pty Ltd.
  - Ms Melissa Anderson, solicitor.
  - Mr Matthew Carr, solicitor.
  - Mr Liam James, solicitor.

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- Apple critical of the role played by the Registrar. Registrar had adopted "an overly active role" in the appeal by obtaining evidence that was not before the delegate. Apple submitted that the Registrar had taken "the remarkable steps of obtaining her own expert evidence and also affidavit evidence from third parties".

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- Apple particularly critical of the fact that the Registrar adduced evidence from the solicitors acting for Microsoft Corporation in Australia, in circumstances where Microsoft Corporation has opposed Apple's corresponding application for the registration of **APP STORE** as a trade mark in the United States of America.

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- [246] *I do not think that the Registrar should be criticised for advancing a case for the Court's consideration. To deny the Registrar that opportunity would be to deny the Court the opportunity to make findings on an appropriately-informed basis*

Apple Inc. v Registrar of Trade Marks [2014] FCA 1304 (3 December 2014)

- [246]
- *Finally, I do not think that it would be fair to criticise the Registrar for adducing relevant evidence simply because it was given by two legal practitioners who were employed by the solicitors acting for Microsoft Corporation in Australia.*

- Judge not aware of circumstances relating to the provision of this evidence to the Registrar, therefore not in a position to be critical.

Halal Certification Authority Pty Limited v Scadilone Pty Limited [2014] FCA 614

Halal Certification Authority Pty Limited v Scadilone Pty Limited [2014] FCA 614

- Kebab shops sought assurances from their supplier, Quality Kebabs Wholesalers, that the kebabs were halal. A certificate to that effect was provided.
- The certificates used the trade mark of the Halal Certification Authority (HCA) without authorisation.
- The Authority sued two kebab shops and the wholesalers under the Trade Marks Act and the Australian Consumer Law.
- The Federal Court found that the marks had been infringed by the wholesalers and the shops.

Halal Certification Authority Pty Limited v Scadilone Pty Limited [2014] FCA 614

- Assessment of damages
- HCA argued that its loss should be quantified as the fees the respondents would have paid HCA to be certified as halal businesses. Those fees were $5,000 per annum for retailers and around $30,000 per annum for wholesalers.
- Court rejected the "licence fee approach" as inappropriate on the basis that the respondents would not have paid those fees.

Halal Certification Authority Pty Limited v Scadilone Pty Limited [2014] FCA 614

- Court also unwilling to find that the infringing conduct had caused any reputational harm to HCA because there was no evidence to prove that the public who had bought the kebabs believed them to be halal and that they had subsequently learnt that this was not the case.

- Court was therefore unable to identify any loss caused by the infringing conduct and awarded only the nominal sum of $10 against each respondent.

Halal Certification Authority Pty Limited v Scadilone Pty Limited [2014] FCA 614

- HCA also sought additional damages pursuant to section 126(2) of the Trade Marks Act.
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- Court considered its overarching purpose to be deterrence.
- Court found the conduct by Quality Kebabs was flagrant and showed a complete disregard for HCA's property rights. Further, when HCA's complaint was first raised, Quality Kebabs did nothing and evinced an attitude to get away with the misconduct for as long as possible.

Halal Certification Authority Pty Limited v Scadilone Pty Limited [2014] FCA 614

- Quality Kebabs had also defended the proceeding on a basis which Justice Perram found to be false (namely that an ex-employee had issued the certificates without Quality Kebabs' knowledge). Taking into account these matters, Justice Perram imposed additional damages amounting to $91,015 being what Quality Kebabs would have paid for HCA certification over the relevant period increased by 50%.