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INTRODUCTION

Welcome to the HWL Ebsworth Intellectual Property News Bulletin. You may have received bulletins from us in the past about breaking news in the IP world.

This more regular publication will keep you informed of legal developments in the fields of intellectual property and technology that are relevant to your business.

Information security

In an organisation, it is critical to control the access that employees have to information. Early access allows new employees to commence work as soon as possible, appropriate restrictions prevent departing employees from retaining access and likewise prevents current employees from accessing sensitive information that they should not have. The mere use of passwords as a security device lulls many into a false sense of security. For example, almost 90% of IT administrators surveyed at a recent information security conference confirmed that they would take sensitive information with them when fired.

This may be attributable to a lack of appropriate protocols on how to handle sensitive information (for example, the passwords scribbled down on a notepad on the desk), or from a failure to appreciate the value of the data that the IT administrator may have access to. Listed below are some issues that you should consider when evaluating the security of your systems.

1. Privacy and confidentiality

- Does your online presence have a privacy policy prominently displayed on your web pages? Is this privacy policy compliant with the National Privacy Principles?
- Do your employment contracts have strong confidentiality clauses that will protect your trade secrets or privileged passwords?
- Do your employment contracts incorporate your company's privacy policy?
- Do you have a document retention policy and a staged document destruction process that is secure and compliant with Australian laws?
- Have you developed a policy regarding secure storage of emails, including automated deletion and storage processes? Are your staff trained on this policy?
- Do you have a way of controlling or managing what your employees view online at the workplace, and is this compliant with laws regarding workplace surveillance?
- How quickly can access rights of employees be revoked, granted or modified as their status of employment changes?
- Do you train your employees on privacy and confidentiality issues that they should be aware of during discussions with third parties or when writing external emails?

2. Security

- Do you have an email SPAM filter that is capable of removing unwanted emails or blocking the download of suspect materials without losing important emails?
- Do you have a web filter capable of blocking the download of suspect materials without losing functionality and versatility of web access?
- Do you have an adequate and up-to-date antivirus software solution and a protocol for regular scanning of your systems?
- Do you have an established procedure to ensure that security breaches are identified and dealt with?
- How regular are passwords changed, and how accessible are those passwords to your staff? Do these staff positions have a high turnover?
- If you are engaging in e-commerce, can you identify all the databases in which you store customer information (including their contact details and payment details)?

3. Copyright and trademarks

- Have you registered the various marks you use in the course of business as trade marks?

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- Are there any registered trade marks that are similar to your own trade marks?
- Have you developed a watermark that is capable of marking and protecting your proprietary information which is available online?
- If you have substantial matter uploaded onto a website, is there a way in which you can enforce infringements of copyright or allow third parties to use your proprietary material for a fee?
- Of all the material on your website, have you obtained necessary approvals and consents required to ensure that it is not infringing a third party's IP rights? For example, if you use e-commerce, do you have consent to use the images and description of various products on your website?
- Are the proprietary documents and other materials you provide others access to also editable and capable of being appropriated?
- Do you have a logo usage policy available online, or considered what terms will apply to any consent you provide others to use material you have developed?

If you require a closer analysis based on your systems and business practices, to discuss the risks you are exposed to, or whether you need an Information Security Review please contact one of our partners listed at the end of this newsletter.

Written by John Graves, Partner and Kenneth Chan, Solicitor

The importance of good legal advice

A Federal Court judge has criticised the practice of bringing similar claims for removing trade marks from the register on the grounds that one may be cheaper, albeit less appropriate.

While the full judgment deals with other issues including infringement, passing off and misleading and deceptive conduct, Gordon J's criticisms were against two similar applications intended to remove a trade mark registered to a former employee. His Honour noted that subsequent revocation orders that were granted were more appropriate to address the real issue of ownership over the mark. In accepting legal advice to use a cheaper "non-use" application, the unnecessary costs incurred were imposed on the employer.

This case highlights the importance of good legal advice and an early evaluation of the real issue in question. As Gordon J noted, *"If a dispassionate analysis suggests that the client's only realistic chance of success requires resort to a more expensive forum, then that is the advice an independent adviser should give. If [the client] chooses not to follow that course or advice, then it does so at its own risk."*

The case is *Edwards v Liquid Engineering Pty Ltd* [2008] FCA 970 (26 June 2008).

URL www.austlii.edu.au/au/cases/cth/federal_ct/2008/970.html

Written by Kenneth Chan, Solicitor

Environmentally friendly, not misleading and deceptive

With the ever increasing awareness of environmentally responsible practices, the business community is quickly turning its focus to marketing methods which promote green values. Businesses can positively influence their reputations by using branding with an 'environmentally friendly' message. As a result we see an increase in applications to register trade marks which incorporate words and logos which communicate this sentiment.

However, businesses and individuals should be aware that there are real risks associated with misleading branding that either falsely communicates or does not properly explain the environmental claim made. Such false or misleading claims may be in breach of the *Trade Practices Act 1974* (Cth) and fines may apply.

As a result of a recent increase in consumer discontent and complaints, the ACCC is looking out for those individuals

and businesses that are breaking the rules.

Words such as 'environmentally safe', 'green' and 'recyclable' and even images such as the earth are taken to be descriptive of the goods and/or services a business produces or provides. Care must be taken that these goods and/or services accurately reflect the environmentally friendly claims made through trade marks and branding. Proper legal advice should be sought at the point of re-branding to ensure that proposed trade marks effectively communicate an environmental message whilst avoiding the risks of exposure to fines.

Written by Fanoula Galanakis, Partner and Emma Walker, Paralegal

Trade mark office upholds foreign laws

The Federal Court has rejected a trade mark application for being lodged in breach of article 5 of the Spanish *Unfair Competition Act*. The application centred on the mark EL NINO which was used to market casual wear and clothing by the two parties jointly.

Unsurprisingly, the applicant's attempt to register the mark alone failed because he was only half of the true owner of the mark. The Court went further though, noting that the same conduct was in breach of good faith obligations implied into all contracts governed by Spanish law. Accordingly, the application was rejected.

This case appears to expand the scope of the *Trade Marks Act* 1995 (Cth) to include a consideration of applicable foreign law. Accordingly, trade mark owners should consider this when developing licence and distribution arrangements in foreign jurisdictions.

To read the case, see: *Neumann v Sons of the Desert SL* [2008] FCA 1183 (11 August 2008).

URL http://www.austlii.edu.au/au/cases/cth/federal_ct/2008/1183.html

Written by John Graves, Partner and Kenneth Chan, Solicitor

Copying of software permitted for disaster recovery purposes

The Federal Court has found that Racing & Wagering Western Australia (RWVA) did not breach the terms of a software licence with Software AG (Australia) Pty Ltd (SAG) by making a copy of software (by the means of 'disk mirroring') on RWVA's off-site disaster recovery mainframe.

SAG claimed that RWVA breached the terms of the licence agreement by installing SAG's proprietary software on a second machine at a location other than the location designated in the licence without the consent of SAG. SAG also claimed that it was entitled to additional licence fees or upgrade maintenance service fees as a consequence of this copying. The Court accepted RWVA's contention that the disaster recovery copy was permitted by the licence, which allowed copying of the software for 'emergency restart purposes'. The Court also ruled, although it was not necessary to do so on the facts, that the making of the disaster recovery copy and the related testing were permitted by ss 47C and 47F of the Copyright Act 1968 (Cth).

To read the case: *Racing & Wagering Western Australia v Software AG (Australia) Pty Ltd* [2008] FCA 1332

URL www.austlii.edu.au/au/cases/cth/federal_ct/2008/1332.html

Written by Peter Dowdall, Associate

Australian Law Reform Commission: Report on privacy

On 11 August, the ALRC released its report urging reform of Australia's privacy laws to be nationally unified, consistent, rational and with application to public and private sectors. In particular, the ALRC recommended:

- broad principles that remain relevant despite rapid technological advances
- one unified set of privacy principles to apply nation-wide
- removing current exemptions from small businesses and political parties and
- a statutory cause of action for serious breaches of privacy.

For more information about the report, visit the ALRC website.

URL www.alrc.gov.au/media/2008/mr1108.html

Written by Kenneth Chan, Solicitor

NZ Patents Bill

A Patents Bill has been introduced into the New Zealand Parliament, closely modelled on the Australian Patents legislation. The intention is to tighten up the requirements for receiving a patent to prevent New Zealand businesses being restrained by patents for technologies available for use around the world for free.

The Patents Bill is based on the draft bill released in 2005 and is expected to come into force some time in 2009.

The text of the Patents Bill 235-1 (2008) is available online.

URL www.legislation.govt.nz/bill/government/2008/0235-1/latest/DLM1419043.html

Written by Kenneth Chan, Solicitor

Intellectual property and Web 2.0

There has always been a tension between traditional intellectual property rights and the online user-provided content phenomenon dubbed “Web 2.0”. As you may know, Web 2.0 describes the shift in thinking from traditional proprietary assets to open source and interactive content modifiable by customers and users. While the internet and Web 2.0 offers enormous potentials for inexpensive marketing, access to a world-wide market, and tools for reducing overheads, there are also substantial risks with using (or not using) the internet. We will look at some of these briefly in this article.

IP infringement and advertising: One of the hot topics now is how to regulate use of internet searching as a marketing tool. Increasing customer use of internet searches has inspired many businesses to use the brands and trademarks of competing businesses as keywords for sponsored advertisements, or keywords for search engines that will link to their own online store. A search for a well-known brand may then provide a link to that brand’s competitor.

Supporters of this practice state that this improves competition by notifying customers of all alternatives, and that trade mark disputes should not involve the search engines who provide an automated tool and nothing more. Courts have yet to come up with a unified approach to this development, looking at different factors in determining whether this is illegal misrepresentation, false advertising or IP infringement.

Copyright in videos and compilations: Traditionally the costs of publishing and disseminating information meant that copyright would be infringed only where there was revenue to be obtained from it. The use of the internet as an inexpensive means of personal expression via Web 2.0 makes the cost of enforcing copyright

prohibitive, and accordingly reduces the value of certain types of copyright.

In the U.S. District Court, Viacom Inc. is suing Google (as owner of Youtube) over the copyright infringement by Youtube, which provides the means by which individuals can publish online Viacom’s proprietary videos, films and music. Already, a similar case between Io (an adult video publisher) and Veoh (offering similar automated online publishing tools to Youtube) has been decided in Veoh’s favour. The basis of the latter case being that Veoh did not do enough to create a copy that it was responsible for. While these decision turn on specific U.S. legislation, the results will have a strong

impact on legislative and development of copyright law in Australia.

The Australian High Court will soon decide a similar point for a subscription-based internet TV-Guide publisher (IceTV) who reproduced weekly programs made by the Nine Network. At the end of that decision, it will become clearer how much work a party must put into a compilation before it attracts copyright protection, and how much can be taken from that compilation without infringing that copyright.

Written by John Graves, Partner and Kenneth Chan, Solicitor

Chocolate war: Kit Kat shape refused trade mark registration

German supermarket chain Aldi successfully opposed Nestlé’s application to register the Kit Kat shape as a trade mark. Nestle had sought to register as a trade mark “four [chocolate] bars attached to one another with a thin base”. A delegate of the Registrar of Trade Marks found that the application related to the functional shape of the Kit Kat rather than its recognisable trade mark. Nestle argued that the Kit Kat shape

distinguished the product from other goods in the marketplace and provided evidence that 77 per cent of consumers associated the generic shape with the Kit Kat product. The delegate to the Registrar noted that there is still a “significant element of the community” who did not connect the shape to Kit Kat. Nestle has lodged a Federal Court appeal.

Written by Kirstin Ferguson, Solicitor

Opportunities in troubled times

In spite of the current economic climate, there are corporate fund-raising, mergers and acquisitions and restructures occurring, which involve commercialisation of intellectual property. While this may seem a little unusual to some of our readers, these opportunities for your own businesses should not be overlooked.

The Intellectual Property and Technology group prides itself on providing quality, up to date legal advice. We can assist you to recognise, protect and commercialise the product and services know-how in your business that often remains untapped and unrecognised. Contact one of our Partners to find out how we can help your business.

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