



Miles and Dowler, *A Guide to Business Law 21st edition*

Study Aid – Chapter summaries

Chapter summary – ch 6 – legal aspects of business (commercial applications of intellectual property)

Legislative reform

1. On 15 April 2013, the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth) came into effect which overhauled Australia's IP laws. The changes are intended to:

- a. raise the quality of granted patents;
- b. free access to patented inventions for regulatory approvals and research;
- c. reduce delays in resolution of patent and trade mark applications;
- d. assist the operations of the IP profession;
- e. improve mechanisms for trade mark and copyright enforcement;
- f. simplify the IP system.

A. Copyright

1. Introduction and definition

1. **Copyright** is the exclusive right to:

(a) in relation to a dramatic, literary, or musical work (*Copyright Act 1968* (Cth), Pt III):

- reproduce it;
- publish it;
- perform it in public;
- broadcast it;
- adapt it;
- transmit it by diffusion service;

(b) in relation to artistic works (*Copyright Act 1968*, Pt III):

- reproduce in material form;



- publish;
- include in a television broadcast;
- transmit by diffusion service.

In Pt XIA, certain rights of protection are extended to live performances of dramatic, musical and literary works and this includes circus acts.

2. Similarly, the owner of copyright in sound recordings, films and broadcasts has the exclusive right to copy them, record them and play them in public (*Copyright Act 1968*, Pt IV).
3. This means that only the owner of the copyright can deal with it in the above ways and, importantly, allow others to do so.

The *Copyright Amendment (Moral Rights) Act 2000* has added three moral rights to the *Copyright Act 1968* that may be claimed by authors. The amendments allow authors to:

- insist on being identified as the author;
- prevent claims by others that they were the author; and
- prevent their work being treated in a derogatory manner.

2. Ownership, subsistence and duration of copyright

1. Copyright *subsists*, comes into existence, generally upon first *publication*, made available to the public, or if not published, when first reduced to writing or other material form.
2. Copyright lasts for varying times: see Table 6.1.
 - literary, dramatic, and artistic works other than photographs – life of author plus 70 years;
 - other works – generally 70 years from first publication;
 - moral rights – same as copyrighted material.
3. The owner of the copyright is generally its creator, or the person to whom the creator has assigned the copyright.
4. There is no requirement for registration of copyright. The act of publication, or making, creates the copyright. To gain international protection, however, the symbol © must be used upon publication of the work.
5. Although strictly not copyright, the Act gives limited protection to performers of dramatic, literary and musical works, including dance, circus and variety



acts, but excluding sporting events. The performer can sue to obtain an injunction to prevent an unauthorised recording of a performance and claim damages. This right lasts for 20 years and cannot be assigned.

See discussion of AUSFTA changes implemented in *Copyright Act 1968*.

3. What can be copyrighted

1. The work must be original. It need not be of high quality or even the first of its kind but it must “originate with the author and be more than a copy of other material”.
2. There must, however, be some skill, industry or experience shown.
3. The copyright exists in the way the materials are used (patterns of words or musical notes) and not in the materials themselves.

The *Copyright Amendment (Digital Agenda) Act 2000* commenced operation on 4 March 2001 and replaced the old definition of a computer program with a “set of instructions to be used directly or indirectly in a computer in order to bring about a certain result”. Other changes brought about by this amendment statute include:

- new technology-neutral rights of communication to the public; and
- new measures to prevent abuse of technological copyright.

The Government has recently released its paper on digital agenda reforms. The review was prepared by the law firm, Phillips Fox. The firm made 20 recommendations for reforms to the Digital Agenda Act and for appropriate amendments to be made to the *Telecommunications Act 1997* and the National Privacy Principles.

4. Infringement of copyright

1. The Act prohibits any person from doing any act comprised in copyright without the owner's consent, or authorising any such act.
2. The Act also prohibits the importation for commercial purposes of copyright infringing material.
3. A person who permits the performance of copyright infringing material in a place of public entertainment breaches copyright unless:
 - (a) that person did not know, or could not reasonably have known, that it would infringe copyright; or
 - (b) the performance was free of charge, or charges were only to cover reasonable expenses.
4. Breach of copyright allows the owner to sue for damages, or an accounting



of profits, or to obtain an injunction.

5. An *Anton Piller order* is also available.

5. Acts not constituting infringements of copyright

The Act permits certain conduct that would otherwise be a breach of copyright. This conduct includes:

- using short extracts;
- fair dealing for research, study or criticism, with proper acknowledgment;
- public readings;
- multiple copying in educational institutions of minor portions of a work;
- performance in or at residential premises; and
- filming or recording broadcasts for private use.

Note the compulsory licensing system that operates in respect of educational institutions and radio and television stations.

6. Ownership and assignment of copyright

The creator of the work is generally the owner. Where work is created in the course of employment, the owner is generally the employer but this may vary according to the terms of the contract of employment. In the case of employed journalists, copyright stays with the journalist.

The owner of the copyright can assign the copyright to another person and can license persons to deal with the copyright material.

7. Parallel importation

Amendments to the *Copyright Act 1968* have allowed persons who are not licensed to distribute goods in Australia, to import them, although a recent case, *Sporte Leisure Pty Ltd v Paul's International Pty Ltd (No 3)* [2010] FCA 1162, has emphasised the need to check licensing arrangements before importing trademarked goods.

B. Designs

1. Designs may be the subject of copyright or registered as a design under the *Designs Act 2003*, the new Act replacing the old *Designs Act 1968*.
2. A design is defined in s 5 of the Act in the following terms: "in relation to a product, [it] means the overall appearance of the product resulting from one or more visual features of the product".



3. Designs can only be registered if they are new or original. The applicant must lodge a *statement of novelty*, an indication of new features, and a *statement of monopoly*, an indication of the features that the applicant wants to be exclusive.
4. The new Act also streamlines the registration process, allowing one application for designs which may relate to more than one product.
5. Instead of the previous requirement for any examination by an examiner, design applications will now only undergo a “formalities check” prior to registration. A detailed examination will *not* be done automatically but only upon specific request.

C. Passing off

1. Passing off is a tort which applies where a person wrongfully represents goods and services as associated with another. The plaintiff must show:
 - a misrepresentation;
 - made by a trader in the course of trade;
 - that was intended to injure the plaintiff's business or goodwill; and
 - caused actual damage to the plaintiff.
2. Note that if a trader chooses to use a generic name in its product, it may not receive protection.
3. Passing off is a difficult tort to prove and the preferred cause of action today is under s 18 of the *Competition and Consumer Act 2010 (Cth)*.

D. Patents

A patent is an invention of a device, substance, method or process which may be considered “new, inventive or useful”. Australians registering a patent application may choose either a *standard patent* (a more complex registration process and protection for up to 20 years) or an *innovation patent*. The latter is designed to protect inventions which are not sufficiently inventive to meet the higher “inventive” threshold of the standard patent. The innovation patent must undergo a brief formalities check and an examiner determines if it meets the requirements of the *Patents Act 1990*.

E. Trade marks

Trade Marks in Australia are defined as “a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person”: *Trade Marks Act 1995 (Cth)*. Once a mark is registered in Australia, initial protection lasts for 10 years, after which time the owner may pay a renewal fee for a further 10-year period and so on, thus providing continuous protection.



Marks must be “distinctive” or “capable of being distinctive” to gain registration in certain classes. Provisions of the *Trade Marks Act 1995* also allow registration of certification trade marks (related to quality or standard of goods carrying this mark), collective trade marks (to denote goods or services provided by members of an association) and defensive marks (which protect goods or services which are highly distinctive, eg the “Coca Cola” trade mark).

F. Confidential information

1. The courts have begun to develop a tort of breach of confidential information. The plaintiff must show:
 - the information was of a confidential nature;
 - the information was given in circumstances importing an “obligation of conscience”; or
 - there was an unauthorised use of the information to the detriment of the plaintiff.
2. The duty not to divulge confidential information can also arise in:
 - contractual relationships;
 - fiduciary relationships;
 - employment relationships; or
 - under statute.
3. The plaintiff has the remedies of damages and injunctions. The defendant may be able to claim the public interest as a defence.
4. Courts recognise that some confidential communications are privileged. This means that the court will not admit evidence relating to those communications. They include:
 - communications that are the subject of legal professional privilege; and
 - without prejudice communications.

Insider Trading: this is misuse of confidential or market-sensitive information in a corporate environment. Indeed, insider trading is specifically prohibited in the *Corporations Act 2001*. It can attract penalties of up to \$200,000 for a natural person or imprisonment for five years and fines of up to \$1 million for corporations. Recent indications seem to be that ASIC, the corporate regulator, has taken a much tougher stance in prosecuting seemingly minor breaches of this offence (see *R v Rivkin*).

Privacy



The High Court of Australia has accepted that “invasion of privacy” is an actionable tort.

See *Australian Broadcasting Corporation v Lenah Game Meats Pty Ltd* (2001) 208 CLR 199; [2001] HCA 63 and *Doe v Australian Broadcasting Corporation* [2007] VCC 281.

Domain names

This topic is dealt with in detail in Chapter 22.