TOPIC 1 – Introduction to Intellectual Property

Definition of IP Rights and Major Categories

What is intellectual property?

IP is not a single, cohesive entity but a generalisation that encompasses "special heads of protected interests" (Dixon J in *Victoria Park Racing and Recreational Grounds v Taylor* (1937) 58 CLR 479). It encompasses a vast and diverse range of subject matter that is constantly growing and expanding as societal and technological developments increase the ways and means of communication, and as business and trade expand the commercial opportunities of that subject matter.

Three crucial characteristics of IP:

- The **intangible** in the creativity
- The **tangible** in the expression or manifestation
- The **property** characteristic

Nature/Features of IP Rights

IP rights have the following key features:

- **Exclusive and monopolistic:** they exclude or prevent others from using or exploiting the subject matter without the authorisation of the creator or owner, usually for a specified period of time
- **Primarily statutory** in origin, though some IP rights (such as passing off and confidential information) also arise at common law
- **Dynamic and evolving:** IP and its special heads are subject to constant scrutiny as societal and technological advances (notably in the digital environment) test the capacity of current IP regimes to keep pace
- **Moral rights** (rights of attribution and creator integrity) are a more recent addition to the exploitative regime and remain somewhat subordinate to the other protected interests

Rationale/Justifications for IP Protection

The main theoretical justifications for IP protection include:

- **Natural rights theory**: creators have a natural entitlement to the fruits of their intellectual labour
- **Incentive theory**: IP rights provide economic incentives to invest in creative and inventive activity
- **Utilitarian theory**: protection maximises overall social welfare by encouraging innovation and disclosure
- **Pure economic arguments**: IP rights correct market failures caused by the non-excludable and non-rival nature of information goods

IP rights are meant, in principle, to strike a balance between:

- The interests of the original creator
- The interests of the creator's competitors
- The interests of investors
- The interests of the public at large

The three main categories of argument:

Moral argument:

- A creator is morally entitled to be rewarded for their creativity or the "sweat of their brow"
- It is equally illegitimate for another person to "reap what they have not sown" or obtain a "free ride" through improper use of another's effort

Societal argument:

- Society requires creativity and its expression for its own development and advancement, and for the improvement of quality of life
- Society has an economic interest in new ideas, inventions, and innovations

Economic argument:

TOPIC 2 – The Law of Passing Off I & II

General Introduction

Passing off is one of three options for protecting business reputation, alongside registered trade mark protection and the statutory action for misleading and deceptive conduct (MDC) under the Australian Consumer Law (ACL). It is also one of two options for protecting unregistered trade marks, together with the MDC action.

- Both passing off and MDC share the misrepresentation element and both preclude traders from adopting distinctive signs or indicia of competitors without authorisation.
- Business reputation is also protected by a range of other actions (defamation, injurious falsehood, deceit, negligent misstatement), but passing off and the ACL are the principal mechanisms.

Origins: Lord Halsbury in *Magnolia Metal Co v Tandem Smelting Ltd* (1900) described passing off as "a well recognised cause of action, certainly for the last 250 years", tracing it to the Elizabethan era. The modern dimensions of the action were fixed in the late Victorian period alongside rapid growth of industry and commerce.

Historical Approach to Passing Off Protection

Two salient issues mark the history of the tort:

First issue: the role of 'deception' or 'fraudulent intent'

- Early period: fraud/deception was a mandatory requirement.
- Modern position: fraud/deception is no longer an essential element, though it remains evidentially helpful. See discussion under *ConAgra* below.

Second issue: the nature of the legal interest protected

- Early courts framed equity's intervention as protecting the plaintiff's property in the mark or indicia itself.
- Transition: the modern position reframes this as protecting property in the business or goodwill likely to be injured by the misrepresentation. See *AG Spalding & Bros v AW Gamage Ltd* (1915).

The emphasis in the early period was on punishing fraudulent business practices. The goodwill of merchants damaged by such practices was largely an incidental concern; it was later recognised as a form of property.

Perry v Truefitt (1842) 49 ER 749, Court of Chancery (UK)

The classic early statement of the foundational principle of passing off; also acknowledges (by reference to *Millington v Fox*) that fraudulent intent is not required.

Lord Langdale MR at p 73 stated the classic principle as follows:

> "A man is not to sell his own goods under the pretence that they are the goods of another man; he cannot be permitted to practise such a deception, nor to use the means which contribute to that end. He cannot therefore be allowed to use names, marks, letters, or other indicia, by which he may induce purchasers to believe, that the goods which he is selling are the manufacture of another person."

His Lordship also acknowledged:

> "I own it does not seem to me that a man can acquire a property merely in a name or mark; but whether he has or not a property in the name or the mark, I have no doubt that another person has not a right to use that name or mark for the purposes of deception, and in order to attract to himself that course of trade, or that custom, which, without that improper act, would have flowed to the person who first used, or was alone in the habit of using the particular name or mark."

On the intent requirement, Lord Langdale noted:

> "*Millington v Fox* seems to have gone this length, that the deception need not be intentional, and that a man, though not intending any injury to another, shall not be allowed to adopt the marks by which the goods of another are designated, if the effect of adopting them would be to prejudice the trade of such other person."

PRINCIPLES:

- The foundational prohibition: no person may sell their goods as if they were the goods of another.
- The prohibition extends to all indicia (names, marks, letters, and other indicia) that induce such a belief.
- No property right in a name or mark per se is required; the right rests on preventing deception.
- Fraudulent intent is not required (by reference to *Millington v Fox*): effect on the plaintiff's trade is sufficient.
- This passage is quoted in *Reddaway v Banham* at [209] as the statement of the fundamental rule.

***Millington v Fox* (1838) 3 Mylne & Craig 338; 40 ER 956**

The first major case to establish that fraudulent intent is not required for passing off relief; a court of equity will intervene to protect trade marks even where the defendant used them in complete ignorance of the plaintiff's rights.

FACTS: The plaintiffs were long-established steel manufacturers trading as "Crowley, Millington & Co." The defendants (Fox Brothers) had manufactured and sold steel bearing the plaintiffs' marks ("Crowley," "Crowley Millington," and "I.H."), but at all times believed those marks were merely technical descriptors for types of steel, not proprietary identifiers. The defendants had ceased using the marks upon learning they were private property, wrote a letter offering compensation before the bill was even filed, and never attempted to dissolve the interim injunction.

ISSUE: Whether equity would grant a perpetual injunction to restrain use of a trade mark where no fraudulent intent on the part of the defendant was established.

HELD: Perpetual injunction granted; costs refused to the plaintiff (due to unnecessary litigation after receiving the defendants' conciliatory letter).

REASONING (Lord Chancellor Cottenham):

- "I see no reason to believe that there has, in this case, been a fraudulent use of the Plaintiffs' marks... That circumstance, however, does not deprive the Plaintiffs of their right to the exclusive use of those names; and, therefore, I stated that the case is so made out as to entitle the Plaintiffs to have the injunction made perpetual."
- The absence of fraudulent intent was irrelevant to the plaintiff's entitlement to injunctive relief; the plaintiff had established a title to the marks and "undoubtedly had a right to the assistance of a Court of Equity to enforce that title."
- On costs: because the defendants had, before the bill was filed, ceased using the marks, offered compensation, and made a clear conciliatory offer, the plaintiff was denied costs for prosecuting unnecessary litigation solely for an account of profits (which was ultimately abandoned at hearing as worth only £6).

PRINCIPLES

- This is the foundational authority for the proposition that passing off does not require fraudulent intent: a court will intervene where a defendant's use of the plaintiff's mark is calculated to prejudice the plaintiff's trade, regardless of whether the defendant knew it was infringing.
- The right protected is the plaintiff's exclusive use of distinctive marks in trade, not merely the prevention of conscious fraud.
- Cited with approval in *Perry v Truefitt* (1842) and treated as authority for the non-intent requirement throughout the development of the tort.
- The costs decision also illustrates the court's power to discourage unnecessary litigation even where the substantive claim succeeds.

Passing Off and Balancing Multiple Interests

The tort balances three competing sets of interests. Gummow J explained this in *Hogan v Pacific Dunlop Ltd* (1988) 12 IPR 225 at 248:

> "Within the action for passing off as presently understood in Australia, there are accommodated and adjusted inter se three sets of interests. There is the plaintiff's interest in protecting his skill, effort and investment, the interest of the defendant in freedom to attract purchasers for his goods and services, and the interest of consumers in having available a range of competitive goods and services for selection by consumers without the practice upon them of misrepresentations. Any monopoly right so created is limited in duration to the persistence of the plaintiff's reputation and goodwill; if that evaporates, the cause of action in passing off goes with it."

- Even in the absence of any suggestion of a relationship between the representor and the original supplier, and even where the original supplier is wholly unidentified, the conduct is restrained as passing off or unfair trading where it involves a misrepresentation in the course of trade calculated to injure another's goodwill.
- Powell J's formulation from *Fletcher Challenge* was adopted: "the object of the law's intervention... is the preservation of a trader's or businessman's goodwill from appropriation by another trader or businessman."
- Relief granted required the defendants, if they continued using the plaintiff's publications, to clearly state that such publications were not produced, printed, published, or supplied by the defendants.

PRINCIPLES

- **Inverse passing off recognised:** Misrepresenting another's goods or work as your own is actionable in passing off; the plaintiff need not be identified in the misrepresentation.
- **Unidentified supplier can still sue:** There is no requirement that consumers know or could identify the original source. It is sufficient that a person "being minded to obtain goods which are identified in his mind with a definite commercial source is led by false statements to accept goods coming from a different commercial source" (citing *Plomien*).
- **Goodwill misappropriated at the moment of misrepresentation:** The plaintiff's goodwill (proven capacity, market success, quality) is asserted through the sample and simultaneously misappropriated by the defendant's false claim to it.

***Bristol Conservatories Ltd v Conservatories Custom Built Ltd* [1989] RPC 455**

Showing photographs of a competitor's work to prospective customers while claiming that work as your own discloses a reasonable cause of action in passing off, and the tort is not limited to classic or "extended Advocaat" forms.

FACTS: Bristol Conservatories designed and constructed bespoke ornamental conservatories and had established goodwill through their completed work. A former salesman (Rickard) joined the newly formed competitor, Custom Built. He took a portfolio of photographs of conservatories designed and built by Bristol Conservatories and used it to solicit customers, representing the photographs as samples of Custom Built's own design and workmanship. Nothing in the portfolio identified Bristol Conservatories. Custom Built had only commenced trading in September 1987 and had no work of its own to show. The trial judge struck out the statement of claim on the basis that no passing off was pleaded: no consumer would associate the photographs with the plaintiffs, there was no trade name misused, and there was no confusion in the classic sense.

ISSUE: Whether the alleged facts disclosed a reasonable cause of action in passing off, and whether the tort is confined to the classic form (defendant's goods passed off as plaintiff's) and the extended form established in *Erven Warnink*.

HELD: Appeal allowed. Statement of claim reinstated. The alleged facts disclosed a reasonable cause of action in passing off.

REASONING

- Gibson LJ held that the court need not determine the precise limits of passing off or formally label the conduct "reverse passing off"; it sufficed that the facts fell within the established principles of the tort.
- The substance of the misrepresentation was: "If you order a conservatory from us you will be getting a conservatory from the people who have earned the goodwill and reputation... [but] that party is Custom Built" when it was not. The goodwill properly belonging to Bristol Conservatories was being appropriated by Custom Built.
- Following *Plomien Fuel Economiser* and *Samuelson v Producers Distributing*: it is not necessary that consumers know or could identify the plaintiff; it is sufficient that they are induced to deal with the defendant believing they will obtain goods from the commercial source that produced the sample, when in fact they will not.
- Lord Fraser's five "essential facts" from *Erven Warnink* were stated in the context of that particular case (extended form / shared trade name cases) and are not of universal application. The five characteristics identified by Lord Diplock remain the operative test, and those were satisfied on the pleaded facts.
- The tort of passing off is not limited to two types (classic and extended *Advocaat* form); it is a flexible principle protective of goodwill.

- Whether Mr Klimis was personally liable for passing off

HELD: Appeal dismissed; cross-appeal dismissed.

REASONING:

- **Gestalt and overall impression:** The trial judge correctly assessed the totality of the presentation of each product. Dr Beaton's expert evidence (accepted by the trial judge) that the "gestalt included the totality of the presentation of the product" was properly relied upon. The Full Court rejected the argument that the trial judge considered similarities in isolation then assessed whether differences displaced them -- rather, he assessed the overall effect [77].
- **Deliberate copying:** Sydneywide had experience in the energy drink market and deliberately adopted elements of Red Bull's get-up. That deliberate copying "supported the inference that the appellants considered that what they had done would be of benefit to them in the marketplace" and therefore supported the inference of likely deception. Dr Beaton's evidence explained the mechanism by which that benefit would arise [132].
- **Different brand names not decisive:** The prominence of different brand names ("LiveWire" vs "Red Bull") on the cans did not prevent a finding of deception where the overall gestalt of the packaging was deceptively similar.
- **Bottle distinguished:** The LiveWire bottle was not deceptively similar. Its size and shape were sufficiently distinctive: the bottle was more than 50% taller than the slim-line can, tapered to a neck, had a "dog-leg" in the silver stripe, and was "sufficiently distinct from that which now represents the most common size and shape of energy drink bottle containers" [135], [157]. Distinctiveness in the marketplace itself reduces risk of deception.
- **Personal liability:** Mr Klimis's involvement in the design and marketing of LiveWire was insufficient to establish personal liability for passing off. Distribution was undertaken by, and in the name of, Sydneywide [164]. The alternative basis of liability (Auschina Polaris) was not pleaded.
- **Expert evidence:** Expert evidence about marketing, consumer behaviour and the role of get-up in product choice is admissible. That both parties led such evidence strongly confirmed its appropriateness [81-83].

PRINCIPLES:

- Deliberate copying of get-up elements creates a strong inference of likely consumer deception.
- Assessment of deception is holistic (gestalt) -- courts look at the total impression, not a checklist of individual similarities and differences.
- Different brand names on similar packaging do not automatically preclude passing off.
- Sufficient distinctiveness in the shape/size of a container reduces deception risk.
- Involvement in design/marketing of an infringing product does not alone make a company director personally liable for passing off.

Telstra Corporation Ltd v Royal & Sun Alliance Insurance Australia Ltd **(2003) 57 IPR 453 (Goggomobil Case) (Federal Court of Australia, Merkel J)**

Secondary/suggestive brand advertising can create a misrepresentation of association or affiliation even without explicit brand reference; the features needed to appropriate a famous advertisement's recognition value are the same features most likely to create misrepresentation; useful on "some form" of association being sufficient.

FACTS: Telstra/Sensis owned the iconic Yellow Pages "Goggomobil" TV advertisement featuring actor Tommy Dysart as "Mr Goggomobil," solving an obscure car problem by phoning through the Yellow Pages directory. The campaign ran in the 1990s and became famous. Royal/Shannons Insurance created a new advertisement also featuring Dysart and a Goggomobil, now solving the problem of insuring his Goggomobil by phone (calling Shannons). The Shannons advertisement contained no Yellow Pages branding but retained the same character, car, problem-solving-by-phone structure and visual context. Telstra sued for passing off and contravention of ss 52/53 TPA. (His Honour separately held no copyright infringement as the Shannons advertisement was sufficiently different from the original.)

ISSUES: (1) Whether the Shannons advertisement created a misrepresentation of association with Yellow Pages. (2) Whether the absence of Yellow Pages branding defeated the claim.

HELD (Merkel J): The first Shannons advertisement misrepresented that it was also an advertisement by Yellow Pages, or that Yellow Pages was in some way associated or connected with it or the services offered [476].

REASONING:

- Section 18 ACL operates more broadly than passing off and is not constrained by common law passing off requirements

***Campomar Sociedad, Limitada v Nike International Ltd* [2000] HCA 12; (2000) 202 CLR 45**

The High Court set out the authoritative test for s 52 misleading or deceptive conduct claims directed at the public, established the "ordinary or reasonable member of the class" standard, confirmed that an intervening erroneous assumption does not necessarily break the causal chain, and remoulded an overly broad injunction, while also affirming the intersection between passing off, registered trade marks, and s 52 actions.

FACTS: Nike International Ltd held significant reputation in Australia in athletic footwear and sports clothing under the NIKE trade mark. Campomar, a Spanish company, held Australian trade mark registrations for NIKE in relation to perfumery and cosmetics (a registration with a long history tracing back to uses pre-dating Nike International's Australian reputation). Campomar marketed "NIKE SPORT FRAGRANCE" in Australian pharmacies, placing it alongside other sports fragrances in a manner that, the trial judge found, was designed to take advantage of Nike International's goodwill. Nike International brought proceedings for trade mark infringement, passing off, and misleading or deceptive conduct under s 52 of the *Trade Practices Act 1974* (Cth). Trial judge found for Nike International and granted a broad injunction restraining Campomar from using "NIKE" on any products. The Full Federal Court affirmed. Campomar appealed to the High Court.

ISSUES:

1. Whether marketing "NIKE SPORT FRAGRANCE" contravened s 52 of the *Trade Practices Act 1974* (Cth) (now s 18 ACL).
2. The proper test for assessing misleading or deceptive conduct when conduct is directed at the public at large or a section thereof.
3. Whether an intervening "erroneous assumption" on the part of consumers negates a causal chain under s 52.
4. Whether the injunctions granted were appropriate in scope.
5. The intersection between passing off, s 52, and the registered trade mark system.

HELD: Campomar's appeal allowed in part. Passing off and s 52 liability for marketing of "NIKE SPORT FRAGRANCE" upheld. Injunctions remoulded: relief limited to restraining marketing of "NIKE SPORT FRAGRANCE" in the particular manner found misleading; the sweeping injunction against all use of NIKE by Campomar was set aside as too wide.

REASONING

Intersection of passing off, s 52, and trade mark infringement [62]–[67]

- The three causes of action "are separate causes of action" but "may overlap." Trade mark registration and the registered mark system operate alongside (not to the exclusion of) passing off and s 52. A registered mark may itself be the vehicle of misrepresentation: the registration does not "license" misleading use.
- The system of registered trade marks accommodates "a measure of likely deception or confusion" (especially under honest concurrent use provisions), and this background must inform construction of s 52 and passing off in trade mark contexts.

The s 52 / s 18 ACL test for representations to the public [100]–[105]

- Whether conduct is misleading or deceptive is "a question of fact to be decided by considering what was said and done against the background of all surrounding circumstances."
- Where conduct is directed at the public at large (or a section thereof) rather than at identified individuals, the assessment operates "at a level of abstraction" not present in individual-misrepresentation cases. The court must identify and reason through the likely reactions of a representative, hypothetical member of the class.
- The court isolates "ordinary or reasonable members of the class of prospective purchasers." Extreme or fanciful reactions may be disregarded (for example, evidence from a pharmacist who assumed Australian brand name law would prevent any other trader using "NIKE" was treated as an extreme assumption).
- At [102] (citing *Parkdale v Puxu*): Gibbs CJ held that s 52 did not operate for the benefit of persons "who fail to take reasonable care of their own interests"; the section is "regarded as contemplating the effect of the conduct on reasonable members of the class."

Erroneous assumption doctrine [103]–[105]

Note: these functions can be complementary (source and quality reinforce each other) or in conflict (advertising/investment function may generate associations that stretch far beyond a single source; non-traditional marks such as colour may conflict with competitors' legitimate use interests).

Nature of trade mark rights: legislative compromise, not a statutory monopoly

Campomar Sociedad, Limitada v Nike International Ltd (2000) 202 CLR 45 at [62]-[63]:

- The TMA is "an example of the striking of a legislative compromise between various interests" rather than conferring a "statutory monopoly" in any crude sense [62]
- Unlike copyright, there is no exclusive right to control reproduction in a material form; retention of valid registration depends on continuation of use [63]
- There can be no infringement unless the mark is "used as a trade mark, to distinguish goods in the course of trade therein" [63]
- Preserving a registration "is not to retain for Campomar a statutory monopoly entitling it to use of nike as a trade mark in violation of the rights of others" [63]
- S 68 of the 1955 Act "expressly contemplated the bringing of an action for passing-off arising out of the use by the defendant of a registered trade mark of which the defendant is the registered proprietor" [63]

Also note: *JT International v Commonwealth* (2012) 250 CLR 1: Gummow J at 42 – "trade mark registration systems ordinarily do not confer a liberty to use the trade mark, free from what may be restraints found in other statutes or in the general law."

Constitutional basis (Commonwealth Constitution, s 51(xviii))

- The primary power is the intellectual property head of power
- *AG NSW v Brewery Employees' Union of NSW* ('Union Label Case') [1908] HCA 94: Griffith CJ identified five elements of "trade mark" for constitutional purposes; the external affairs power (s 51(xxix)) now provides a supplementary power
- Trade mark registration is "fragile" property: JTI confirms registration does not confer immunity from other laws

Loughlan, 'The Concept of a "Sign" in Australian Trade Mark Law' (2005) 16 AIPJ 95

Core thesis: A sign is fundamentally a communicative act between a trader (conveyor) and a consumer (receiver). The particular form a sign takes is irrelevant to its status as a communicative act – what matters is its source-distinguishing ability.

Sign as communicative act

- A trade mark is not necessarily a visible or physical thing; it is an "intimation," a "badge," or a "sign" – anything that can perform a source-distinguishing act of communication
- Jacob J in *Philips Electronics BV v Remington Consumer Products* [1998] RPC 283 at 298: a sign is "anything which can convey information"
- The inclusive nature of s 6 ("sign includes...") reflects the trade mark as a communicative act; a sign can in principle be a combination of any indicators that convey the relevant source information, potentially encompassing trade dress
- *Qualitex Co v Jacobson Products Co* 115 SCt 1300 (1995) at 1302-1304 (US Supreme Court): "It is the source-distinguishing ability of a mark – not its ontological status as color, shape, fragrance, word or sign – that permits it to serve the basic purposes of trade mark"

Requirement of stability of form

- Whatever form a sign takes, it must be stable, consistent, unchanging, and predictable in order to function as a sign
- A sign that varies in appearance depending on context cannot be perceived by consumers as an indication of origin
    - European Trade Mark Board of Appeal (flexible net bag): bag's appearance varied depending on whether suspended or placed on a surface, empty or full, open or closed – could not constitute a mark

- *Campomar* at 47-48: "There is the interest of traders, both in protecting their goodwill through the creation of a statutory species of property protected by the action against infringement and in turning this property to valuable account by licensing or assignment"
- The phrase "statutory species of property" is important: the incidents and conditions of trade mark ownership are unique and must co-exist with the badge of origin function and the public interest in free competition and communication

Four areas where the property function creates tension

1. Trade mark dilution – property vs cultural resource function

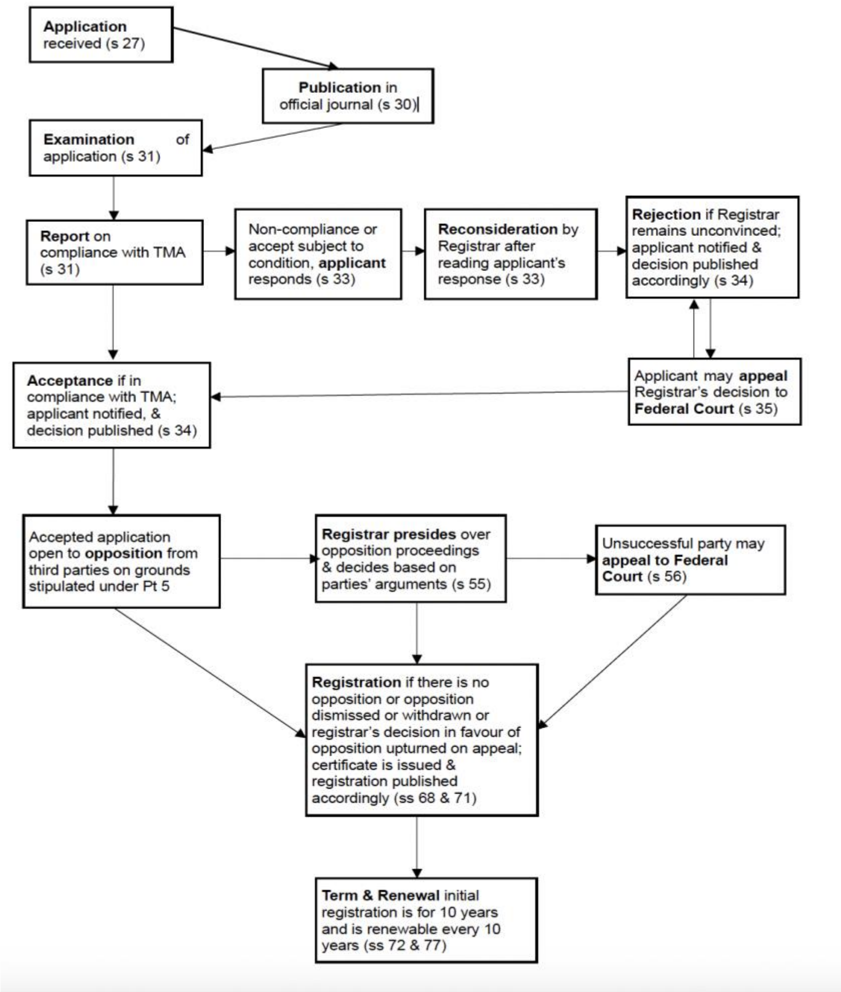
- Dilution doctrine: protects the commercial value of a mark against non-confusing uses by others that diminish its value or tarnish its associations
- *Campomar* at 47-48 (High Court): Australian law has moved to extend the infringement action to uses that adversely affect the interests of well-known mark owners through "dilution" of distinctive qualities or commercial value – s 120(3) TMA
- Pure dilution protection is not motivated by consumer protection: *Moseley v Victoria's Secret Catalogue Inc* 537 US 1 at 10 (2003): the doctrine is "not motivated by an interest in protecting consumers"
- The dynamic is purely between the owner's property interest and the public interest in free expression: enhancing the property interest through dilution protection directly diminishes public access to expressive, non-confusing uses of the mark
- The tension is particularly acute for marks of great cultural prominence – marks such as Coca-Cola, Nike, and McDonald's are significant cultural resources whose governance implicates the public interest well beyond any individual trader's interests

2. The use requirement – property vs badge of origin function

- Registration requires use or intention to use (s 27 TMA); removal for non-use after 3 continuous years (s 92(4)(b) TMA)
- The use requirement is a significant inroad into "full" property rights: unlike patents and copyright, a trade mark cannot be retained without use or intention to use
- The trade mark owner's argument: if the trade mark is personal property, the owner should be free to choose not to keep it in play in the marketplace for strategic reasons – just as a patent owner may choose not to commercialise their patent
- The answer: the trade mark is also a badge of trade origin; a mark kept on the register without any trade source function removes marks from public availability and gives trade mark owners "inventories" of marks that serve no badge of origin function during their time as inventory
- Bently and Burrell: the current test for trade mark use may be too low; only where there is substantial public use is there public benefit; a higher test would better serve both the badge of origin function and efficient allocation of enforcement resources
- When use requirements are strong, the badge of origin function is maintained at the cost of the mark's full potential as a freely exploitable property asset

3. Trade mark licensing – property vs badge of origin function

- Assignment and licensing are the paradigm exercises of property rights; the right to freely dispose of one's property is "prominent if not predominant" among property rights
- Early common law: assignment without transfer of underlying goodwill was void as "transferring a right … to commit a fraud upon the public" (*Bowden Wire Ltd v Bowden Brake Co Ltd* (1914) 31 RPC 385); source theory is logically incompatible with untrammelled assignment
- Modern position: s 8 TMA establishes "authorised use"; licensed use counts as use by the owner where the licensee uses the mark "under the control of the owner" – quality control (s 8(3)) or financial control (s 8(4))
- Quality control as the reconciling mechanism: the licensed mark remains a reliable indicator of source and quality so long as the licensor exercises control over the licensee's product; this reconciles free exploitation (property) with source reliability (badge of origin)



Pre-application considerations

Before filing, an applicant should consider:

- Whether the proposed mark is capable of registration (distinctiveness, likely conflicts with existing marks)
- Which classes of goods/services to include in the specification
- Conducting a search of the Register (IP Australia's trade mark search database)
- Priority rights if filing internationally
- Whether to claim Convention priority from an earlier overseas filing (s 29 TMA)

Application stage

Who may apply (s 27(1) TMA):

A person may apply if:

- (a) the person claims to be the owner of the trade mark; AND
- (b) one of the following applies:
  - (i) the person is using or intends to use the mark in relation to the goods/services; OR
  - (ii) the person has authorised or intends to authorise another to use it; OR
  - (iii) the person intends to assign the mark to a body corporate about to be constituted, for use by that body corporate

Joint proprietorship permitted under s 28: where two or more persons are interested and none is entitled to use the mark except on behalf of all of them, or in relation to goods/services with which all are connected in the course of trade.

Current s 41 (post-Raising the Bar, effective 15 April 2013) operates **negatively**: it sets out circumstances in which a trade mark is *not* capable of distinguishing. Three categories are preserved:

- **Category 1: Sufficiently inherently adapted to distinguish**
  - Not caught by s 41(3) or (4).
  - Mark is prima facie capable of distinguishing by virtue of its intrinsic characteristics.
  - Accept without further inquiry as to use or other circumstances.
- **Category 2: To some extent, but not sufficiently, inherently adapted to distinguish**
  - Caught by s 41(4) unless the combined criteria show the mark does or will distinguish.
  - Consider combined effect of: (i) extent of inherent adaptation; (ii) use or intended use; (iii) any other circumstances.
- **Category 3: Not to any extent inherently adapted to distinguish**
  - Caught by s 41(3) unless the applicant has used the mark, before the filing date, to such an extent that it does in fact distinguish their goods/services.
  - Requires overwhelming pre-filing use demonstrating factual distinctiveness.

Presumption of registrability (s 33 TMA): where criteria for rejection under s 41 are in doubt, the application should proceed to acceptance subject to potential opposition. The Raising the Bar amendments clarified this presumption applies to s 41 (resolving the uncertainty from *Blount Inc v Registrar of Trade Marks* (1998) 83 FCR 50).

'Inherently adapted': meaning

- Inherent adaptability depends on the **intrinsic nature** of the trade mark itself, independently of use and registration: "adapted of itself, standing on its own feet" (*Weldmesh Trade Mark* [1966] RPC 220 at 228, applied in *Philmac*).
- The concept is essentially **negative**: the absence of the kinds of associations or significations that would lead other honest traders to want to use the mark establishes inherent adaptability: *Kenman Kandy Australia Pty Ltd v Registrar of Trade Marks* (2002) 122 FCR 494 at [67] per Stone J; *Philmac Pty Ltd v Registrar of Trade Marks* (2002) 126 FCR 525 at [44]-[49].

Section 41 TMA (Post-Raising the Bar: on or after 15 April 2013)

s 41(1): An application for the registration of a trade mark must be rejected if the trade mark is not capable of distinguishing the applicant's goods or services in respect of which the trade mark is sought to be registered (the designated goods or services) from the goods or services of other persons.

s 41(2): A trade mark is taken not to be capable of distinguishing the designated goods or services from the goods or services of other persons only if either subsection (3) or (4) applies to the trade mark.

s 41(3): This subsection applies to a trade mark if:

- **(a)** the trade mark is not to any extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons; and
- **(b)** the applicant has not used the trade mark before the filing date in respect of the application to such an extent that the trade mark does in fact distinguish the designated goods or services as being those of the applicant.

s 41(4): This subsection applies to a trade mark if:

- **(a)** the trade mark is, to some extent, but not sufficiently, inherently adapted to distinguish the designated goods or services from the goods or services of other persons; and
- **(b)** the trade mark does not and will not distinguish the designated goods or services as being those of the applicant having regard to the combined effect of the following:
  - **(i)** the extent to which the trade mark is inherently adapted to distinguish the goods or services from the goods or services of other persons;
  - **(ii)** the use, or intended use, of the trade mark by the applicant;
  - **(iii)** any other circumstances.

Note 1 to s 41: Trade marks that are not inherently adapted to distinguish goods or services are mostly trade marks that consist wholly of a sign that is ordinarily used to indicate:

- **(a)** the kind, quality, quantity, intended purpose, value, geographical origin, or some other characteristic, of goods or services; or
- **(b)** the time of production of goods or of the rendering of services.

s 41(5): For the purposes of this section, the use of a trade mark by a predecessor in title of an applicant for the registration of the trade mark is taken to be a use of the trade mark by the applicant.

Section 41 TMA – Legislation (Pre-Raising the Bar: before 15 April 2013)

Note: still relevant for opposition and cancellation of marks with filing dates before 15 April 2013.

s 41(2) [pre]: An application must be rejected if the trade mark is not capable of distinguishing the designated goods or services from the goods or services of other persons.

s 41(3) [pre]: In deciding the question of capability of distinguishing, the Registrar must first take into account the extent to which the trade mark is inherently adapted to distinguish.

s 41(4) [pre]: Then, if the Registrar is still unable to decide the question, the following provisions apply.

s 41(5) [pre]: If the trade mark is to some extent inherently adapted to distinguish but the Registrar cannot decide on that basis alone:

- **(a)** the Registrar is to consider whether, because of the combined effect of:
  - **(i)** the extent to which the trade mark is inherently adapted to distinguish;
  - **(ii)** the use, or intended use, of the trade mark by the applicant;
  - **(iii)** any other circumstances; the trade mark does or will distinguish the designated goods or services as being those of the applicant; and
- **(b)** if satisfied: the trade mark is taken to be capable of distinguishing; and
- **(c)** if not satisfied: the trade mark is taken not to be capable of distinguishing.

s 41(6) [pre]: If the trade mark is not at all inherently adapted to distinguish:

- **(a)** if the applicant establishes that, because of the extent to which the applicant has used the trade mark before the filing date, it does distinguish the designated goods or services as being those of the applicant: taken to be capable of distinguishing; and
- **(b)** in any other case: taken not to be capable of distinguishing.

Comparison (key provisions):

Current	Pre-Raising the Bar	Effect
s 41(3)	s 41(6)	Not at all adapted: factual distinctiveness through pre-filing use
s 41(4)	s 41(5)	Some extent adapted: combined criteria test
Negative framing	Positive sequential inquiry	Core categories preserved; structure simplified

Geographical Names

Key Principles

The ordinary signification of a geographical name when applied to goods or services is assessed via the two-step test:

1. Does the sign convey the significance of the geographical name when applied to the goods/services claimed?
2. If so, is it likely other traders would desire to use it for this significance?

A geographical name does not always carry geographical signification:

- It may be saved by the nature of the goods or other circumstances from carrying its prima facie geographical signification: *Clark Equipment* at 514.
- Where the name functions as a 'fancy name' in relation to the goods (eg "North Pole" for bananas), an honest competitor would simply not think to use it geographically.
- If a primary non-geographical meaning exists, ordinary signification may not be geographical (eg "GANJA TIME" for watches; "Cygnet West" seen as a reference to a swan rather than a Tasmanian town): TMPP 22.15.

Where geographical signification exists, the key question is whether other traders might legitimately want to use it:

- If goods of the relevant kind are produced at the place, or may reasonably be so produced in future, the name will generally not be inherently adapted: *Clark Equipment* at 514-5.
- Names of large industrial towns/districts (and smaller towns that are seats of manufacture) fall in a category where even acquired distinctiveness cannot justify registration: at 515-6.

- **(1)** Applies if: (a) a registered trade mark consists of, or contains, a sign that describes or is the name of an article, substance or service formerly exploited under a patent; and (b) it is at least 2 years since the patent expired or ceased; and (c) the sign is the only commonly known way to describe or identify the article, substance or service.
- **(2)** If the trade mark consists of the sign: the registered owner does not have exclusive rights in relation to that article, substance or goods/services of the same description; rights taken to have ceased from the end of the 2-year period after the patent expired or ceased.
- **(3)** If the trade mark contains the sign: same effect for the sign specifically.

s 87 TMA (cross-reference): Provides for rectification of the register where s 24 or s 25 apply.

s 88(2)(c) TMA: Registration may be cancelled where, because of circumstances at the time the application for rectification is made, use of the mark is likely to deceive or cause confusion.

Mayne Industries Pty Ltd v Advanced Engineering Group Pty Ltd **[2008] FCA 27**

Used for the propositions that: (1) a functionally significant shape mark is not "used as a trade mark" when a competitor uses it to indicate the functional characteristics of their goods; (2) a shape sign is capable of "describing" an article for the purposes of s 25 TMA; and (3) s 25 TMA, when made out, strips the registered owner of exclusive rights and warrants cancellation under s 87(1).

FACTS: Mayne Industries held registered trade mark No. 876332 (registered 18 May 2001): a three-dimensional S-shaped loop used in wire fence droppers (Class 6). The S loop had originally been the subject of a patent lodged in 1968 and expiring in October 1984. Advanced Engineering Group imported and sold fence droppers incorporating an S loop substantially identical to the registered mark, and promoted the shape in brochures under the description "The Unique Loop With Line Wires Securely Trapped." Mayne sued for infringement under s 120(1) TMA. Advanced Engineering cross-claimed for cancellation under ss 25 and 87 TMA, and also relied on s 122(1)(b)(i) and (c) defences.

ISSUES:

1. Whether the respondent's use of the S loop shape in its goods and promotional materials constituted use "as a trade mark" under s 120(1).
2. Whether s 25 TMA applied (mark describes an article formerly exploited under a patent; sign is the only commonly known way to describe the article), thereby depriving the owner of exclusive rights.
3. Whether cancellation under s 87(1) was warranted, and whether s 89 (no fault of registered owner) precluded cancellation.
4. Whether the good faith descriptive use defences under s 122(1)(b)(i) and (c) were made out.

HELD:

- Infringement not established: the respondent's use of the S loop was not use as a trade mark.
- Section 25 TMA made out; registered owner held to have no exclusive rights from 9 October 1986 (two years after patent expiry).
- Trade mark registration cancelled under s 87(1); s 89 did not preclude cancellation as the ground arose through the registered owner's own conduct.
- Section 122(1) defences also made out on the assumption infringement would otherwise have been established.

REASONING

Use as a Trade Mark

- The central dispute was whether the functional nature of the S loop precluded its use by a competitor from constituting trade mark use.
- The court confirmed that a shape mark can serve as a badge of origin even if it has some functional element, but where the shape is an "essential functional feature" of the goods, use of that shape in the goods and in promotional imagery is not a badge of origin but "a statement of the essential functional feature of the S loop inherent in the goods" (pg 38).
- Despite various contextual factors pointing to what had the "appearance of selecting the shape as a distinguishing feature," the court found that such use "is not use of the shape as a badge of origin, but rather a reference to the configuration of the goods as goods that owe the shape of the S loop to an

essential function of the article" (pg 38). The respondent used the shape to say "these are the goods that I sell," not "know me as the seller of these goods by this shape" (pg 8).

- The court rejected the argument that the principles in *Philips v Remington* were confined to two-dimensional marks: where a three-dimensional shape "inheres in goods or a part of goods and the goods or that part perform a functional role (particularly where the shape derives from a novel and patented improvement to functionality), the use of the shape by importing and selling an article embodying the shape and promoting that article... is not use of the sign as a trade mark but the expression of the essential features of the goods" (pg 38).

Section 25 TMA: Mark Relating to Article Formerly under Patent

- Section 25 must be given a purposive construction consistent with the TMA 1995's expansion of "sign" to include shapes.
- The three elements of s 25(1) were all satisfied: (a) the sign (a shape) describes the article, being the improved fence dropper formerly exploited under the patent; (b) the article was formerly exploited under a patent (expiring 1984); and (c) the S shape is the "only commonly known way" to describe or identify the article.
- On element (a), the court rejected the argument that only words can describe an article: "a shape sign is capable of describing an article" because "a shape by conveying information as to the features of an article, might describe that article by those features" (pg 45). Further, the shape had given rise to the alphabetic analogue "S dropper," which had become the article's name in trade.
- By operation of s 25(2), the registered owner was taken to have ceased to have exclusive rights to use or authorise use of the mark from 9 October 1986 (two years after patent expiry).

Cancellation under Section 87(1) and Section 89

- Because s 25(2) stripped the registered owner of exclusive rights, prima facie the register should not continue to reflect the registration.
- Section 89 conditions the s 87(1) discretion: the court may decline to cancel if the ground "has not arisen through any act or fault of the registered owner." Here the registered owner had knowingly applied in 2001 to register, as a trade mark, the very shape of the S loop that had been the subject of an expired patent and was the only commonly known way to describe the article. The court held this amounted to an attempt to obtain through trade mark registration the same monopoly formerly available under the expired patent, "with the added advantage that exclusive rights of use... would be renewable every 10 years" (pg 50). The ground therefore arose through the registered owner's own act or fault; s 89 was unavailable.

Section 122(1) Good Faith Defences

- The "essential concern going to good faith in s 122(1) is that the use be honest" (pg 53). Something less than fraudulent intent suffices to deny good faith; the question is whether the respondent engaged in "conscious and deliberate acts to undermine the registered owner or the integrity of the trade mark" (pg 53).
- Mr Hastie had obtained legal advice on patent expiry before entering the market, believed there was free access to the shape, and had no notice of any trade mark registration when he commenced Australian sales. There was no evidence of deliberate intent to undermine the mark. Good faith established; s 122(1) defences made out (pg 55).

PRINCIPLES

- **Trade mark use and functionality (shape marks):** Where a shape is an essential functional element of goods (particularly one derived from an expired patent), use of that shape in the goods and in promotional material describes the goods' features rather than acting as a badge of origin. Contextual factors suggesting "badge of origin" use will not override this conclusion where functionality is fundamental.
- **S 25 TMA and shape signs:** A shape sign is capable of "describing" an article within s 25(1)(a); words are not required. An alphabetic analogue derived from the shape (such as "S dropper") can become the name of the article for the purposes of the section.
- **S 25 and patent expiry:** Section 25 operates to prevent trade mark law from effectively extending a monopoly that expired with the patent. Once all three elements of s 25(1) are established, s 25(2) strips the registered owner of exclusive rights retrospectively from two years after patent expiry.

- Applicant must identify the trade mark as a colour mark and provide both an example of the colour and a concise and accurate description stating precisely what the mark consists of and how the colour is to be used.
- Example description: "The trade mark consists of a maroon colour applied to one half of a capsule at one end, and a gold colour applied to the other half, as illustrated in the representation on the application."
- Where a mark does not consist of colour but is always used in particular colours, a limitation endorsement may be required (e.g., "Registration of this trade mark is limited to the colours [x] as shown in the representation").

Moving Images, Holograms, and Gestures

- Applicant must identify the specific type of sign.
- A copy of the actual trade mark as perceived by consumers is expected: a video clip for movement or gesture marks; an actual hologram example for holograms.
- Alternatively, sufficient still representations demonstrating the full range of movement may be filed.

Other Non-Traditional Signs (Textures, Tastes)

- **Texture:** an example of the actual texture must be provided along with a clear description.
- **Taste/flavour:** an actual example is not required; a clear description identifying the taste in terms understood by the average buyer and describing how the taste is to be used as a trade mark is sufficient.

Australian vs European Approach

Australia's approach to s 40 is administrative: compliance with Office instructions is sufficient, and the provision has not been used to reject non-traditional signs on representability grounds alone. In Europe, certain signs (particularly sounds and scents) have been refused on the basis that they cannot be clearly and consistently represented through a written or online register. Australia does not apply the same limitation.

3.2.3 Section 42 TMA: Scandalous or Contrary to Law

Section 42 TMA: An application for the registration of a trade mark must be rejected if:

- **(a)** the trade mark contains or consists of scandalous matter; or
- **(b)** its use would be contrary to law.

Section 42 may be invoked:

- by the Trade Marks Office during examination (mandatory refusal ground);
- by an opponent in opposition proceedings (via s 57 TMA); and
- as a ground for cancellation of an already-registered trade mark (via s 88(2)(a) TMA).

Section 42(a): Scandalous Marks

Definition and Applicable Standard

The Macquarie Dictionary defines 'scandalous' as: "disgraceful to reputation; shameful or shocking." Webster's New World (4th ed) adds: "causing scandal; offensive to a sense of decency or shocking to the moral feelings of the community; shameful" (TMPP Part 30.2.1).

The Registrar must decide, on behalf of the ordinary person, whether a trade mark should be regarded as shameful, offensive or shocking, and therefore be rejected. The standard reflects changing societal norms: words and images that would have caused major offence in earlier times may now be acceptable, while formerly innocuous words may have developed different connotations.

The provision is oriented towards refusing registration, and thereby denying state-sanctioned imprimatur, to obscene, irreligious, racist, and/or sexist applied-for marks. In practice, however, the register contains many examples of such marks that were found registrable.

Two Key Legal Questions (PBA [13.500])

1. What does "scandalous" mean as a legal standard?

Question	Test	Key authority
Are the marks **substantially identical**?	Side-by-side comparison; essential features; total impression	*Shell v Esso* (Windeyer J at 414-15); *Torpedoes* [52]-[60]
Are the marks **deceptively similar**?	Imperfect recollection; real, tangible danger of confusion	*Southern Cross* (Kitto J at p 595); *Shell v Esso*; *Torpedoes* [72]-[73]
Are goods/services **similar or of the same description**?	Nature, purpose, trade channels (multi-factor)	*Southern Cross* at p 606; *McCormick* [18]-[19]; *E&J Gallo (FFC)* [70]
Are goods **closely related to services** (or vice versa)?	Would consumers expect the same business to supply both?	*Woolworths*; Shanahan [35.2005]
Does an **exception** apply (s 44(3) or (4))?	Honest concurrent use; prior user	Week 4 Wednesday notes

4.1.1 Judicial Construction of 'Substantial Identity'

The side-by-side test

Substantial identity requires a **direct, side-by-side comparison** of the marks. The court notes similarities and differences and assesses "the importance of these having regard to the **essential features** of the registered mark and the **total impression** of resemblance or dissimilarity" that emerges (*Shell v Esso*, Windeyer J at 414). This is a question of fact.

The comparison is not a mechanical tallying of individual similarities and differences. It assesses the **"general effect of the respective wholes"**, asking whether the marks are, overall, substantially the same (*Torpedoes* [53]).

Essential features

- The comparison focuses on the features that give the mark its **distinctive character**, not merely surface-level elements
- Absence of a prominent element in the proposed mark (e.g., a device, stylised typeface, or conjunction of letters) will weigh against a finding of substantial identity (*Torpedoes* [55]-[56])

Aural dimension

- Substantial identity is **not** limited to visual comparison; s 44 draws no visual-only limitation, and s 7(2) TMA expressly recognises that aural representation constitutes use of a mark
- Accordingly, **aural characteristics must be considered** in assessing substantial identity (*Torpedoes* [58]-[60])
- The aural comparison examines whether the sound of the marks, taken as a whole, creates an impression of substantial identity
- Where the inclusion or disregard of a particular aural element changes the analysis, the court considers both possibilities (*Torpedoes* [59])

Threshold

- Substantial identity sets a **higher threshold** than deceptive similarity; most cases are decided on the deceptive similarity limb
- In exam application: ask whether the marks, compared side-by-side with all features in view (visual and aural), produce an overall impression that one mark substantially IS the other, bearing in mind the essential features of the registered mark

***Shell Co Australia Ltd v Esso Standard Oil (Aust) Ltd* (1963) 109 CLR 407**

Establishes the side-by-side test for substantial identity and confirms that "use as a trade mark" is a threshold requirement for infringement; contains the foundational imperfect recollection test for deceptive similarity.
FACTS: Esso held two registered trade marks depicting a caricature "oil drop man": a figure with a large head shaped like an oil drop drawn to an asymmetrical peak, a cheerful expression, stubby body bifurcated to suggest short legs, and arms hooked as if thumbing braces. One version bore the word "Esso" on a badge on the chest. Both were registered for lubricating, heating, and fuel products. Shell ran animated television advertisements

featuring a "Shell drop" cartoon character which, in the course of its antics, periodically assumed an appearance resembling Esso's marks. Individual frames, if arrested and viewed as still images, would have shown a figure substantially identical to the registered marks; in motion the figure was constantly changing shape and expression.

ISSUES

1. Were the marks substantially identical?
2. Were the marks deceptively similar?
3. Did Shell's use of the animated figure constitute "use as a trade mark" for the purpose of infringement?

HELD: Appeal allowed (Dixon CJ, Kitto, Taylor, Owen JJ; McTiernan J dissenting). Shell's use did not constitute use as a trade mark; no infringement.

REASONING

Substantial identity: side-by-side comparison (Windeyer J at p 414-15)

- Substantial identity requires a side-by-side comparison of the marks. Marks should be "compared side by side, their similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison" (p 414). This is a question of fact. Although certain arrested frames would have shown a figure substantially identical to the registered mark, the moving animated figure did not hold its pose or expression long enough, nor was it sufficiently isolated, to establish substantial identity (p 415).

Use as a trade mark: the threshold requirement (Kitto J at p 424-426)

- Kitto J held that the infringement provisions implied that "use" means use as a trade mark. Drawing on the statutory definition, the question was whether the figure appeared to viewers as "possessing the character of a device, or brand, which the appellant was using or proposing to use in relation to petrol for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the petrol and the appellant" (p 424-425). The Shell drop appeared in the films solely as a vehicle for conveying a commercial message about Shell petrol's qualities. No viewer would isolate an individual frame and understand it as a trade mark branding Shell petrol by origin. The "purpose and nature" of the use was narrative and persuasive, not source-indicating (p 426).

PRINCIPLES

- Substantial identity requires a side-by-side comparison, assessing the essential features and total impression of the marks as a question of fact (p 414).
- "Use as a trade mark" is a threshold requirement for infringement: use must function to indicate a connection in the course of trade between the goods and the user; purely narrative or advertising use does not suffice (p 424-426).
- These principles apply equally in the s 44 relative grounds context when comparing a proposed mark against a registered mark.

See s 4.1.2 case note for the deceptive similarity and matters common to trade aspects of this case.

***Torpedoes Sportswear Pty Ltd v Thorpedo Enterprises Pty Ltd* (2003) 132 FCR 326**

Confirms the side-by-side test for substantial identity, establishes that aural similarity is a component of the substantial identity inquiry, and distinguishes that inquiry from the broader deceptive similarity assessment.

FACTS: Torpedoes Sportswear held two registered marks: a "Paradise Legends Torpedoes" composite mark and a stylised "T device" mark incorporating the word "Torpedoes" in a distinctive typeface with the letters in "orpedoes" joined together. Ian Thorpe's company, Thorpedo Enterprises, applied to register the plain word mark THORPEDO. Sportswear opposed under s 44, arguing THORPEDO was substantially identical or deceptively similar to its marks.

ISSUES:

1. Were the marks substantially identical, visually or aurally?
2. What considerations govern the deceptive similarity inquiry?

58A overrides s 44(4), it does not preclude the applicant from relying on honest concurrent use under s 44(3)(a). Section 58A is intrinsically linked to s 44, and there was no equivalent provision in s 58A specifically overriding s 44(3)(a) as there was for s 44(4): [25]–[26].

Honest concurrent use under s 44(3)(a)

- Applying the five-factor *McCormick* criteria, the Delegate found honest concurrent use established: the applicant had no improper motive, both marks had descriptive elements reducing confusion, the concurrent period was substantial, and denying registration would cause greater inconvenience to the applicant than granting it would to the opponent: [31]–[36].

Section 60 and no honest concurrent use exception

- Despite establishing s 44(3)(a), the Delegate confirmed following *McCormick* that s 44(3) provides no exception to s 60: [47]. Section 60 is a stand-alone opposition ground in Part 5, not expressed to be subject to s 44(3), and is intended to afford an additional ground of opposition beyond those in Part 4. The ABC's lengthy history of use since 1945, extensive advertising, and survey evidence showing approximately 50% community awareness established reputation. Because of that reputation, use of the applicant's mark would be likely to cause confusion: [48].

PRINCIPLES

- **s 58A scope:** Only available where the opposed application was accepted under s 44(4); its purpose is to allow the earlier common law user to assert priority in those circumstances: [11].
- **s 58A does not override s 44(3)(a):** An applicant whose mark was accepted under s 44(4) may still rely on honest concurrent use to defeat a s 58A ground: [25]–[26].
- **s 44(3) and s 60:** Confirms *McCormick* – honest concurrent use under s 44(3) is no answer to a successful s 60 opposition: [47].
- **Exam application:** When s 44(3)(a) honest concurrent use is established, always go on to consider s 60 independently. A clean run through s 44(3) does not prevent registration being refused under s 60 if the opponent has sufficient reputation.

4.3.1 SECTION 60 – MARKS WITH REPUTATION

Legislation

s 60

The registration of a trade mark in respect of particular goods or services may be opposed on the ground that:

- (a) another trade mark had, before the priority date for the registration of the first-mentioned trade mark in respect of those goods or services, acquired a reputation in Australia; and
- (b) because of the reputation of that other trade mark, the use of the first-mentioned trade mark would be likely to deceive or cause confusion.

Note: For priority date see s 12.

Overview

- The prior mark need not be registered (contrast s 44, which requires a registered mark or earlier application)
- s 60 operates post-acceptance (Part 5, Division 2), not at examination stage
- s 44(3) honest concurrent use does NOT provide an exception to s 60

Meaning of "Reputation"

McCormick at [81]: "reputation" in s 60 refers to "the recognition of the [opponent's] marks by the public generally." Two components:

- Recognition component: the quantum of public awareness, evidenced by sales and advertising
- Esteem component: image and values projected by the mark: [85], citing *Hugo Boss* (1999) 47 IPR 423 at 436

Establishing Reputation – Evidence Required

McCormick at [86]-[88]:

- Reputation may be inferred from substantial sales, advertising, and promotional expenditure, without direct consumer survey evidence

HELD: The primary judge erred in her s 60 analysis. The cancellation of Ms Taylor's mark under s 60 was upheld: [6], [303].

REASONING

The correct comparison under s 60 (Primary Focus: [279])

The Full Court confirmed the proper analytical framework for s 60 at [279]:

> "The relevant comparison for considering whether use of the opposed mark is likely to deceive or cause confusion is between the reputation of the prior mark... derived from the actual use of that mark, and a notional normal and fair use of the mark sought to be opposed... across all of the goods or services for which registration is sought; ie the statutory rights of use in the opposed mark."

This formulation has two limbs. First, the prior mark's reputation is assessed by reference to its actual use. Second, the opposed mark is assessed by reference to notional normal and fair use across the entire specification, not merely the use the applicant currently makes or intends to make.

Reputation under s 60 – general principles

- Reputation involves "the recognition of the earlier trade mark by the public generally": [276], following *McCormick* [81].
- There is no statutory requirement that the reputation in the earlier mark be specific to the goods or services the subject of the opposed mark: [277].
- The standard of confusion is the same as under s 44(1): a real tangible danger of deception or confusion, not a mere possibility: [278].
- Even where conflicting marks are not deceptively similar, s 60 may still be established if the reputation of the first mark is such that use of the opposed mark creates a real risk of confusion: [275].

Application on the facts

- The primary judge erred by confining the Katy Perry Mark's reputation to music and entertainment and finding that this reputation did not extend to clothing. The Full Court found this was wrong in light of evidence that celebrity brand extension into clothing was a common and well-known practice, and that Ms Hudson's name itself carried the relevant reputation: [281]–[283].

PRINCIPLES

- **The s 60 comparison:** Actual use/reputation of the prior mark versus notional normal and fair use of the opposed mark across the whole specification: [279].
- **No goods-specific reputation required:** An opponent's reputation need not specifically cover the goods of the opposed mark, though the relationship between them is relevant: [277], [283].
- **Confusion standard:** Real tangible danger, not mere possibility: [278].
- **Exam application:** When applying s 60, always assess the opposed mark notionally across its full specification, not just the applicant's intended use. This is the key distinction from how s 44 operates. Cite [279] for the formulation.

***Taylor v Killer Queen LLC* [2026] HCA 5**

Leading High Court authority on s 60 (reputation), s 88(2)(c) (rectification on post-registration circumstances), and s 89 (discretion not to rectify); the Court unanimously resolved six questions of statutory construction but divided 3:2 on their application.

FACTS: Katie Jane Taylor (born Perry) registered the word mark "KATIE PERRY" in class 25 (clothing) with a priority date of 29 September 2008 ("Priority Date"). She had traded as a fashion designer under that name since 2007. Katheryn Hudson, the internationally famous pop star known as "Katy Perry", had released her album "One of the Boys" in June 2008 and achieved significant chart success in Australia before the Priority Date. No "Katy Perry" branded merchandise had been sold in Australia before the Priority Date; the online store went live in October 2008. The respondents subsequently sold "Katy Perry" branded clothing in Australia over many years. On 20 December 2019, Hudson and Killer Queen LLC cross-claimed for rectification of the Register by cancelling Taylor's mark under s 88(2)(a) (read with s 60) and s 88(2)(c). The primary judge (Markovic J) dismissed the rectification claim and found Kitty Purry Inc had infringed Taylor's mark as a joint tortfeasor. The Full Federal Court reversed the rectification finding. Taylor appealed to the High Court.

ISSUES:

1. Whether the "Katy Perry" mark had acquired a reputation in Australia in respect of clothing before the Priority Date (s 60(a)).

Note: Both provisions are also absolute grounds (covered in Week 3 Wednesday notes). They reappear here as relative grounds because they can operate to protect existing interests without requiring a registered conflicting trade mark.

Recap:

- s 42(b): application must be rejected if use of the mark would be contrary to law
- s 43: application must be rejected if, because of some connotation the mark or a sign contained in it has, use in relation to those goods/services would be likely to deceive or cause confusion

s 42(b) in this context: use would constitute passing off or breach of the ACL (eg s 18).

s 43 in this context: misleading connotation of some connection to or relationship with a person, business, or creative work; does not require a conflicting registered trade mark.

***Durkan*: s 43 Operates Independently of Trade Mark Use**

Key rules from *Durkan v Twentieth Century Fox Film Corporation* (2000) 47 IPR 651:

- s 43 is directed at excluding from registration any mark which conveys a meaning likely to deceive or confuse, regardless of whether the opponent has used or registered any trade mark: p 655
- A highly publicised film title can give rise to a real and tangible danger that consumers will assume a mark bearing that title is associated with or authorised by the film's producer: p 656
- The threshold from *Registrar of Trade Marks v Woolworths*: the probability of deception or confusion must be "finite and non-trivial" and amount to a "real tangible danger of its occurring": p 656
- Contrast with ss 58 and 60: both require the opponent to identify and establish rights in an actual trade mark; a party may succeed under s 43 but fail under ss 58 and 60 where it lacks trade mark use
- Use of a name as a film title, character name, or on promotional merchandise that capitalises on a film does not constitute trade mark use for s 58 purposes: p 657

***Durkan v Twentieth Century Fox Film Corporation* (2000) 47 IPR 651**

Section 43 operates independently of any trade mark use by the opponent; a connotation of association with a famous film arising from the celebrity of its title is sufficient to ground a finding of likely deception or confusion, even where the opponent cannot establish trade mark use for the purposes of ss 58 or 60.

FACTS: Durkan applied to register "BRAVEHEART THE MUSICAL" for T-shirts and caps (class 25) and theatre musical productions (class 41). Twentieth Century Fox opposed on ss 43, 58 and 60 grounds. Fox had produced the film *Braveheart* (1995), which won five Academy Awards, screened in 650 Australian theatres, attracted approximately 1.58 million Australian cinema patrons, generated over A$12 million in Australian box office revenue, and was subject to an extensive merchandising and publicity campaign. However, Fox had not registered "Braveheart" as a trade mark, and had used the word as a film title and character name rather than as a badge of origin. Durkan filed no evidence in answer.

ISSUES:

1. Did the connotation of "BRAVEHEART THE MUSICAL" render it likely to deceive or cause confusion under s 43?
2. Was Fox the owner of a trade mark for the purposes of s 58?
3. Had Fox acquired a reputation in a trade mark for the purposes of s 60?

HELD: Opposition upheld on s 43 ground; ss 58 and 60 grounds dismissed.

REASONING

Section 43: connotation sufficient without trade mark use

- The Deputy Registrar confirmed that s 43 operates independently of the existence of any conflicting trade mark. The section is directed at excluding from registration any mark which, in respect of the nominated goods or services, conveys a meaning likely to deceive or confuse, regardless of whether the opponent has used or registered any trade mark (p 655). The purpose of the section is to focus on the connotation of the mark itself, not on conflict with another mark.
- While Fox had no trade mark use of "Braveheart," that was immaterial for s 43 purposes. The word had no prior currency or dictionary presence before the film's release, but following the film's exceptional critical

Why this matters: Use as a trade mark is a threshold requirement under s 120. Commercial use of a sign that is substantially identical to a registered mark is not infringement unless the use is "as a trade mark." Not every commercial use of a sign qualifies.

The core concept: Building on s 17, use "as a trade mark" means use as a badge of origin: use of the sign so as to indicate a connection in the course of trade between the goods and the person applying the mark. The question is whether the defendant used the sign to indicate origin in themselves, not whether it indicated origin in the registered owner.

The test (drawn from case law):

- Use as a trade mark is assessed objectively, without reference to the user's subjective trading intentions.
- The objective purpose and nature of the use are assessed by reference to context: the relevant trade, the manner of display, and how the sign would present to the persons who observe it.
- Context is determinative: the same sign in different contexts may or may not constitute trade mark use.
- A sign with only a descriptive purpose and nature is not used as a trade mark.
- A descriptive element or purpose does not automatically preclude trade mark use if the sign also functions as a badge of origin.
- Use in a "fun" or playful context does not negate trade mark use; flippancy does not dispel trade connection.
- Where a dominant brand elsewhere on packaging clearly indicates commercial origin, it is harder to find that a subsidiary word or sign also functions as a badge of origin.

***Shell Co of Australia Ltd v Esso Standard Oil (Aust) Ltd* (1963) 109 CLR 407**

Establishes that a mark must be used "as a trade mark" to found an infringement action; use whose only purpose is conveying a commercial message about goods rather than indicating trade origin does not satisfy the threshold.
FACTS: Esso held two registered trade marks depicting a humanised oil-drop caricature for lubricating, heating, illuminating and fuel products. Shell ran animated television commercials featuring a similarly shaped oil-drop character performing exuberant antics promoting Shell petrol. The character constantly changed shape, passing through poses briefly resembling Esso's marks before moving on. Shell's dominant brand identifiers in the commercials were the word "SHELL" and references to its "ICA" additive displayed on large cards manipulated by the character.
ISSUE: Was Shell's animated character used "as a trade mark" within the meaning of s 120 TMA?
HELD: No. Appeal allowed. Shell's use of the oil-drop character was not use as a trade mark.
REASONING:

- Using the statutory definition of "trade mark," Kitto J reformulated the question as whether the defendant's use would appear to viewers as possessing "the character of devices, or brands" being used "for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the petrol and the appellant" [424]-[425]. The connection between the oil-drop man and Shell petrol was "a connexion limited by the purpose of the occasion": the figure existed solely to convey a narrative message about Shell's product qualities, not to serve as a brand identifier [425]. No viewer, even in the moments when the figure closely resembled Esso's mark, "would ever pick out any of the individual scenes ... and say to himself: 'There I see something that the Shell people are showing me as being a mark by which I may know that any petrol ... is theirs'" [425]. Context was "all-important": the prominent identifiers in the commercial were the word "SHELL" and the ICA additive branding on large cards that the oil-drop man manipulated; the character itself was the narrative vehicle, not the brand.

Huang article (Figure 3 and p 211): Still images from the MS39 commercial screenplay retrieved from the National Archives confirm this reasoning visually. The oil-drop man is small relative to the large word marks ("SHELL", "ICA") displayed on cards he manipulates throughout. He is the storyteller, not the story. This illuminates why Kitto J described the only purpose of the use as "the purpose of conveying by a combination of pictures and words a particular message about the qualities of Shell petrol" [426].
PRINCIPLES:

- Use as a trade mark is a threshold requirement under s 120; use whose only purpose is conveying a commercial message about goods does not satisfy it.

- The ultimate question is whether consumers might see the goods as having the same trade origin: *E & J Gallo Winery v Lion Nathan* (FCAFC) at [71].
- Differences in production method are unlikely to be significant where large producers now supply multiple product types through overlapping trade channels.

***Coca-Cola Co v All-Fect Distributors Ltd* (1999) 96 FCR 107**

Goods of the same description ([37]): The respondent's counsel conceded at trial that the confectionary was goods of the same description as the registered goods (beverages and syrups). The Full Court held the primary judge was not free to decide that issue against the appellant, and the concession stood [37]. Goods of the same description is a question of substance; concessions made at trial bind the parties on appeal.

Reputation/Well-Known Status: s 120(3) TMA

s 120(3) and (4) TMA

(3) A person infringes a registered trade mark if:
- (a) the trade mark is well known in Australia; and
- (b) the person uses as a trade mark a sign substantially identical with, or deceptively similar to, the trade mark in relation to:
  - (i) unrelated goods (not of the same description as registered goods and not closely related to registered services); or
  - (ii) unrelated services (not of the same description as registered services and not closely related to registered goods); and
- (c) because the trade mark is well known, the sign would be likely to be taken as indicating a connection between the unrelated goods/services and the registered owner; and
- (d) for that reason, the interests of the registered owner are likely to be adversely affected.

(4) In deciding whether a trade mark is well known in Australia for the purposes of s 120(3)(a), one must take account of the extent to which the trade mark is known within the relevant sector of the public, whether as a result of promotion or for any other reason.

Overview: Section 120(3) extends infringement protection to well-known trade marks used on unrelated goods/services. It is Australia's legislative response to the dilution concern. However, it is narrower than equivalent international provisions: a connection requirement remains and pure free-riding without consumer confusion is not actionable.

Elements of s 120(3):
- The trade mark is well known in Australia (assessed by knowledge within the relevant sector of the public: s 120(4));
- The defendant uses as a trade mark a sign substantially identical with, or deceptively similar to, the trade mark in relation to unrelated goods or services;
- Because the trade mark is well known, the sign would be likely to be taken as indicating a connection between the unrelated goods/services and the registered owner; and
- For that reason, the interests of the registered owner are likely to be adversely affected.

Australian position: Section 120(3) does not protect against pure dilution or free-riding divorced from consumer confusion. The connection requirement in s 120(3)(c) means Australian law always requires some form of consumer assumption of connection before broad protection is available. "Cashing in" on another's reputation without a specific misrepresentation is not, without more, actionable under Australian law: *Campomar v Nike* citing Dixon J in *Victoria Park Racing*.

Comparative framework:

Jurisdiction	**Blurring**	**Tarnishment**	**Free-riding (no confusion)**
Australia (s 120(3))	Limited (connection still required)	Limited (connection still required)	No

- On the facts, the balance was "easily done": the harm to the marketability of Black Label beer was virtually nil, the communication was far more significant than the trade, and the sale of T-shirts was necessary for sustainability rather than being the primary objective [102]. The interdict should not have been granted.

PRINCIPLES

- **Dilution by tarnishment:** occurs where unfavourable associations are created between a well-known registered mark and the mark of an unauthorised user, harming the mark's repute. Distinct from blurring (which weakens the mark's distinctiveness). The object of protection is the mark's selling power, not the owner's dignity.
- **Threshold for likelihood of detriment:** must be substantial economic harm to the commercial value of the mark. Moral offence or unsavoury associations are not sufficient without evidence of likely trade harm. Probability of harm must be established on facts, not conjecture.
- **Constitutional construction:** anti-dilution provisions must be read consistently with free expression guarantees. The assessment of "unfairness" and "detriment" must incorporate free expression from the outset, not as an afterthought.
- **Parody is a contextual factor, not a defence:** the label "parody" does not automatically immunise a use; equally, it does not foreclose protection. It is one factor in a fact-sensitive balancing exercise.
- **Comparative context:** Australian law under s 120(3) TMA does not provide equivalent dilution protection; it requires proof that consumers will perceive a connection, not merely that a mark's distinctiveness is impaired. This case illustrates the broader comparative landscape of dilution, alongside *L'Oreal v Bellure* (EU) and *Louis Vuitton v My Other Bag* (US).

***Wagamama Ltd v City Centre Restaurants Plc* [1995] FSR 713** (Chancery Division, Laddie J)

UK authority rejecting the Benelux "non-origin association" theory of trade mark infringement; holds that the phrase "likelihood of association" in the Trade Marks Act 1994 (UK) does not extend protection beyond classic confusion as to source, and that creating a mark monopoly unrelated to consumer confusion would be a new and unjustified form of intellectual property right. Relevant comparatively for the debate about the scope of dilution protection.

FACTS: Wagamama operated a highly successful Japanese-style noodle bar in London, trading under the registered mark WAGAMAMA since 1992. The word had no meaning to most English speakers. The defendant, a large restaurant group, opened a new Indian-themed restaurant chain under the name RAJAMAMA (later changed to RAJA MAMA's). Wagamama brought proceedings for trade mark infringement under s 10 of the Trade Marks Act 1994 (UK) and for passing off. The central legal question was whether s 10(2), by including the phrase "which includes the likelihood of association with the trade mark", extended infringement beyond classic confusion as to source to cover mere mental association between marks even without any misapprehension as to origin.

ISSUES:

1. Does "likelihood of association" in s 10(2) Trade Marks Act 1994 (UK) extend infringement to cover non-origin association (Benelux-style), or is it confined to classic confusion as to source?
2. Was classic trade mark infringement established on the facts?
3. Was passing off established?

HELD: Non-origin association rejected as a basis for infringement under s 10(2). Classic infringement established in relation to both versions of the defendant's mark. Passing off also established.

REASONING

Rejection of non-origin association / dilution by blurring under s 10(2)

- Laddie J considered three routes by which the plaintiff sought to establish that s 10(2) extended to mere "non-origin association": domestic statutory construction (the redundancy argument), the European interpretation route (Benelux Council minutes and Professor Gielen's evidence), and comity with Benelux courts.
- All three were rejected. On the domestic route: there was no basis to assume an EC-derived statute was drafted to avoid tautology; viewed linguistically, s 10(2) pointed away from the plaintiff's construction, because if "likelihood of association" subsumed "likelihood of confusion" it would be unconventional to say the smaller included the larger.
- On the European route: Council minutes are confidential and cannot be used to construe a directive. The Gielen document was not a copy of the minutes and had no official status. Further, evidence from

s 111: If an application under s 107 or s 109 complies with this Act, the Registrar must notify any person recorded under Part 11 as claiming an interest in, or a right in respect of, the trade mark.

The authorised use / control requirement: key principles

- "Control" in s 8 means **actual control** as a matter of substance, involving questions of fact and degree. The mere grant of a licence is not sufficient: *Lodestar Anstalt v Campari America LLC* [2016] FCAFC 92, Besanko J at [97].
- Actual control may be shown by detailed licence terms that a licensee faithfully complies with without need for direction (instinctive and complete obedience): *Lodestar*, Besanko J at [98]. But absence of any practical engagement by the licensor is fatal.
- An authorised use will only defeat a non-use application if it amounts to use in **good faith** by the registered owner, which requires that the control exercised be real or genuine as opposed to token or colourable: *Lodestar*, Nicholas J at [123], [133].
- Quality control by a licensor over a licensee constitutes control under s 8(3): *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2010) 241 CLR 144, French CJ, Gummow, Crennan and Bell JJ at [55]-[59].
- Use by a licensee under the control of the owner is deemed use by the owner under s 7(3), and will count as use of the TM in Australia for the purposes of non-use proceedings.

***Lodestar Anstalt v Campari America LLC* [2016] FCAFC 92; (2016) 244 FCR 557**

Leading authority on s 8 TMA: "control" requires actual control as a matter of substance; theoretical contractual control does not suffice; a bare licence without real engagement by the licensor does not constitute authorised use.

FACTS: The Wild Turkey interests (respondent) owned the word marks WILD GEESE WINES and WILD GEESE, registered for wine. They had never used the marks themselves, but had licensed them exclusively to Wild Geese Wines Pty Ltd (WGW), a small South Australian winery owned by Patrick O'Sullivan QC. The licence required: wine must be of sufficient quality to obtain AWBC export approval; samples to be provided to Austin Nichols if requested. In practice during the 3-year non-use period: the licensor never requested samples; exercised no quality control; never contacted WGW about its winemaking; had no financial interest in WGW; received only $1 consideration under the licence. The quality control clause – the AWBC export approval standard – was proposed by O'Sullivan himself as an objective benchmark, and in any event over 99% of submitted wines received AWBC approval. The Irish Whiskey interests (appellant) applied to remove the marks for non-use under s 92(4)(b), arguing that the use by WGW was not "authorised use" under s 8. The primary judge, feeling bound by *Yau's Entertainment*, held that theoretical contractual control sufficed and dismissed the non-use application. The Full Court (5 judges) was constituted to reconsider *Yau's Entertainment* and allowed the appeal.

ISSUES:

1. Does "control" in s 8 require actual control, or does theoretical contractual control suffice?
2. Was *Yau's Entertainment Pty Ltd v Asia Television Ltd* (2002) 54 IPR 1 authority for the proposition that theoretical contractual control suffices?
3. Was the licensee's use authorised use under s 8?

HELD: Appeal allowed; marks to be removed from the Register.

REASONING – Besanko J (Allsop CJ, Greenwood J, Nicholas J agreeing):

- "Control" in s 8 means **actual control in relation to the use of the trade mark**, which involves questions of fact and degree. There must be control as a matter of substance: [97]. The mere fact that an owner has granted a licence is not sufficient to establish control without more: [97].
- Actual control may be shown through a licence agreement with detailed quality standards that the licensee faithfully complies with without direction – in some cases the licensee's obedience to the trade mark owner may be "so instinctive and complete that instruction was not necessary": [98]. However, where the practical effect of the licence is nil, that does not suffice.
- On the facts: the quality control provision had no effect on O'Sullivan's winemaking; the licensor never requested samples during the relevant period; never monitored; never showed any interest in what was being bottled. The licence made "no practical difference" to WGW's operations. The AWBC standard – having a failure rate of under 0.3% – could not be said to constitute meaningful quality control; its practical effect was "entirely attenuated": Greenwood J at [20]. The requirements in the licence did not amount to control within s 8: [107]-[108].

Ghost marks are reprehensible: The deliberate practice of registering marks solely to give the registrant control over unregistrable words is contrary to the spirit of trade mark law: Shaw LJ at [83]; Brightman LJ at [90]. A mark used as a vehicle to arrogate an exclusive right to an unregistrable word is not being used for the statutory purpose of indicating a connection in the course of trade.

PRINCIPLES

- A trade mark must be "proposed to be used" in a real and definite sense at the time of registration; a contingent or conditional intention does not satisfy this requirement.
- Bona fide use under non-use provisions requires ordinary and genuine use judged by commercial standards; the use must be in pursuit of a genuine commercial purpose (making a profit, establishing goodwill), not merely colourable activity to maintain the registration.
- Token introductory runs, made solely to resist a non-use challenge rather than for genuine commercial reasons, do not constitute bona fide use.
- Ghost marks – registrable words chosen specifically to mimic and thereby protect unregistrable words – are an abuse of the Register and courts should not condone the practice.

(Note: While decided under the UK Trade Marks Act 1938, these principles have been expressly adopted in Australian law: E & J Gallo (2010) 241 CLR 144 at [62]-[64])

***RB (Hygiene Home) Australia Pty Ltd v Henkel Australia Pty Ltd* [2024] FCAFC 10; (2024) 302 FCR 285**

Clarifies the test for "use of a trade mark with additions or alterations not substantially affecting its identity" under s 100(3)(a); establishes that display of goods through packaging may constitute trade mark use; and clarifies the s 101(3) discretion including the relevance of non-trade mark use that nonetheless creates consumer association.

FACTS: The appellants (RB/Reckitt Benckiser) owned two trade marks: the 914 mark (a colour and shape mark for a rectangular dishwashing capsule with a red cylindrical compartment and a blue wave portion) and the 311 mark (a design featuring a red ball in a white "explosion" against a blue backdrop). RB alleged Henkel's SOMAT Excellence Gel Caps product (the SE Logo) infringed those marks. Henkel cross-claimed to remove both marks for non-use during the non-use period (16 July 2018 to 16 July 2021). The primary judge found no infringement and ordered removal of both marks for non-use; declined to exercise the s 101(3) discretion.

ISSUES: (1) Was the 914 mark used during the non-use period? (2) Was the 311 mark used as a trade mark? (3) Should the s 101(3) discretion be exercised? (4) Did the SE Logo infringe the 914 mark?

HELD: Appeal allowed in part. Both marks to remain on the Register; the biodegradability claim under the ACL also succeeded.

REASONING

Test under s 100(3)(a) – additions or alterations not substantially affecting identity [73]-[88]:

- The appellants argued the test under s 100(3)(a) was less onerous than substantial identity and involved asking whether the mark still has its identity "in its relationship with consumers." The Full Court rejected this: [84]. The proper approach is to ask whether a total impression of similarity emerges from a comparison between the two marks. This will "in most cases be determined by considering whether a total impression of similarity emerges": [85], applying *E & J Gallo* at [69], *Optical 88*, and *PDP Capital*. This does not mean that s 100(3)(a) is always identical to the substantial identity test, but consideration of the question requires a review and comparison of both marks' features in any event.
- Applied to the Quantum Device (a stylised product depiction with a red ball floating above the capsule): the primary judge found it was not substantially identical to the 914 mark (which shows the red element flush with and embedded in the capsule). The Full Court agreed – a quite different impression emerges; the Quantum Device had additions or alterations substantially affecting the identity of the 914 mark: [87]-[88].

Use as a trade mark – product depictions on packaging [89]-[95]:

- However, the Full Court found error in the primary judge's treatment of actual product images (as opposed to stylised depictions) displayed through clear windows and on packaging. The Quantum Tablets Packaging allowed consumers to see six actual Quantum Products (substantially identical to the 914 mark) through a clear cut-out. The primary judge held this was merely descriptive (showing what the product looks like), not trade mark use. The Full Court disagreed: [90]-[93].
- A sign may serve multiple purposes simultaneously; trade mark use is established if one of those purposes is to distinguish goods in the course of trade: *Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd* (2023) 97 ALJR 388 at [25]; *Woolworths Ltd v BP plc (No 2)* (2006) 154 FCR 97 at [77]. The fact that the product image also describes the contents does not preclude it from also functioning as a trade

exert such pressure), and its rejection — alongside the insistence on voluntary language and omission of compulsory licensing — is "worrisome."

Mandatory Approaches: Regional Models

EU Compulsory Union Licence (adopted 13 March 2024 at first parliamentary reading):

- Creates a **temporary, non-exclusive Union compulsory licence** for crisis-relevant products.
- Granted as a **last resort** where no voluntary agreement has been reached within **four weeks** (an important deadline given the tendency to spin out negotiations).
- Granted by the **European Commission**.
- Commission empowered to **oblige rights holders to disclose trade secrets** strictly necessary to achieve the purpose of the licence.
- Commission determines **adequate remuneration** to rights holders.
- Ncube notes these are precisely the key elements that should be included in Article 11 of the WHO Pandemic Accord. Paradoxically, the EU has opposed mandatory approaches in Article 11 of the Accord while simultaneously enacting mandatory provisions domestically.

AfCFTA Protocol on IP Rights:

- Article 12.3: state parties must ensure patent law does not hinder access to medicines, vaccines, diagnostics, therapeutics, and other healthcare essential tools.
- Requires ratification of the TRIPS Amendment or national provision for export of pharmaceutical products under compulsory licence.
- Requires exceptions to patents for research, experimentation, and regulatory submission (Bolar exception).
- Article 15.2: reaffirms the right to provide exceptions and limitations to undisclosed information, including access to clinical test data for scientific and research purposes.
- **Shortcoming:** in its omission of a regional compulsory licensing mechanism, it falls far short of the EU approach.

Proposed Technology Transfer Mechanism (Gurgula and McDonagh)

Ncube endorses a proposal that would include:

Infrastructural elements (WHO):

- A list of pandemic-related products and technologies (analogous to the essential medicines lists).
- A list of rights holders and the states in which those rights are protected ("facilitating states").
- Technology and know-how transfer hubs to support technology transfer.

Process (on declaration of a pandemic):

- A suitable manufacturer in a requesting state asks that state to request technology transfer from a facilitating state.
- The facilitating state is required to take steps to mandate the technology transfer.
- The requesting state must make the necessary IP arrangements (such as granting a compulsory licence) and assess the manufacturer's capability.
- The facilitating state must enable transfer of "all relevant info including unpublished patent applications, trade secrets, know-how and clinical data required for production and marketing authorisation."

Policy/Context

- Ncube identifies three pivotal normative opportunities in the last 25 years where regulatory solutions have not gone far enough: (i) the late 1990s HIV/AIDS endemic; (ii) the TRIPS waiver negotiations; (iii) the current WHO Pandemic Accord negotiations.
- Thirty years since the inclusion of TRIPS flexibilities, their use remains contested and states (mostly developing countries and LDCs) continue to face difficulty using them in the face of opposition and pressure.
- The WHO Pandemic Accord negotiations indicate the international community is "stuck in a time warp, relying on the tired twin arguments of manufacturing capacity and TRIPS flexibilities."
- Cornish's tripartite diagnosis remains apt in 2024: IP is still **omnipresent**, still **distracting** (achieving little of its essential purpose in equitable access terms while causing persistent problems), and in danger of

Nature: Procedural/practice treaty. 158 contracting states. Australia bound from 31 March 1980. Administered by WIPO.

Purpose: Allows a single "international application" designating multiple contracting states, simplifying and reducing the cost of multi-jurisdiction patent protection.

Key mechanism:

- A single international application is filed with a **receiving office** (e.g., IP Australia for Australian applicants): Art 10
- The application must contain: a request; a description; one or more claims; drawings where required; and an abstract: Art 3(2)
- WIPO **publishes** the international application generally at **18 months** from the priority date: Art 21(2)
- An **international search** is conducted by an International Searching Authority (ISA) to identify relevant prior art: Arts 15–18. The ISA's international search report is transmitted to the applicant and the International Bureau
- At the applicant's request, an optional **international preliminary examination** may be conducted by an International Preliminary Examining Authority (IPEA): Arts 31–35. The resulting IPER is non-binding on national offices but provides guidance
- **National phase:** within **30 months** of the priority date, the applicant must enter national processing in each desired country by filing translations, prescribed documents, and paying fees: Art 22(1). WIPO does not grant patents

Under PA (s 29A): A PCT application designating Australia is treated as a complete application for a standard patent (s 29A(1)). The description, drawings, graphics, photographs, and claims are treated as a complete specification filed in respect of the application (s 29A(2)). The filing date is the international filing date (Patent Reg 3.5AA).

Art 27(5): Nothing in the PCT limits each contracting state's freedom to apply its own substantive conditions of patentability.

Strasbourg Agreement concerning the International Patent Classification 1971

Nature: Administrative/practice treaty. 68 member states. Administered by WIPO. Australia a member from 1975.

Purpose: Establishes the International Patent Classification (IPC), a hierarchical system of symbols used to classify patent documents by technology area, enabling systematic prior art searching across domestic and international patent documents.

Key points:

- The IPC is solely of an administrative character (Art 4(1)); it does not affect substantive patentability assessment
- Each member may use the IPC as a principal or subsidiary system (Art 4(2))
- Patent offices must include IPC symbols in the heading of each published patent document (Art 4(3) and (5))
- The Committee of Experts (one representative per member country) amends the Classification on an ongoing basis (Art 5)

Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure 1977

Nature: Procedural/substantive. Administered by WIPO.

Problem addressed: Written descriptions of microorganism-based inventions may be insufficient to enable a skilled person to perform the invention, because microorganisms cannot be fully described in words alone.

Solution: A deposit of a microorganism with a recognised **International Depositary Authority (IDA)** is recognised for patent purposes in all contracting states, eliminating the need to deposit in each country separately.

Key suspended patent provisions (Annex to CPTPP):

- Art 18.37(2) and (4) (last sentence): patentable subject matter
- **Art 18.46:** patent term adjustment for unreasonable granting authority delays (the AUSFTA equivalent was not suspended; Australia remains bound by AUSFTA Art 17.9.8(a))
- **Art 18.48:** patent term adjustment for unreasonable curtailment by marketing approval delays (the AUSFTA equivalent was not suspended)
- **Art 18.50:** protection of undisclosed test data (data exclusivity for pharmaceuticals and agricultural chemicals)
- **Art 18.51:** data protection for biologics

Policy significance: The suspension of these provisions following US withdrawal illustrates that AUSFTA-style TRIPS-plus obligations were bilateral and driven by US commercial interests rather than genuinely multilateral negotiation. Australia remains bound by the equivalent AUSFTA obligations regardless of the CPTPP suspensions.

Domestic Regime: Patents Act 1990 (Cth)

Historical Background

Origins:

- The modern patent system traces to the **Venetian statute of 1474**, which required novelty ("new and ingenious device") and ingenuity, included registration with a state office, granted exclusive rights for a limited term (10 years), provided judicial remedies for infringement (including payment of 100 ducats and destruction of the infringing device), and allowed compulsory licensing to the state. The objective was both to encourage indigenous invention and to attract technology inflow
- English Crown practice of granting monopoly privileges developed from the 14th century; recipients were expected to teach local craftsmen, functioning as technology transfer incentives
- The monopoly system was abused as a revenue source by Elizabeth I and James I; the common law courts began to challenge the validity of monopolies
- *Darcy v Allen* (Case of Monopolies) (1602) 11 Co Rep 84: first case on monopoly validity heard by a common law court. The court found the monopoly on playing cards invalid and articulated the proper basis for grant: a monopoly was appropriate only where a person "by his own charge and industry, or by his own wit or invention, doth bring any new trade into the realm... in such cases the King may grant to him a monopoly patent for some reasonable time until the subjects may learn the same, in consideration of the good that he doth bring by his invention to the commonwealth: otherwise not"
- **Statute of Monopolies 1623 (21 Jac 1 c 3):** abolished monopolies generally but created an exception in s 6 for "letters patent and grants of privilege, for the term of 14 years or under... of the sole working or making of any manner of new manufacture within this realm, to the true and first inventor and inventors of such manufactures," provided they were not contrary to law or mischievous to the state. This provision remains foundational: PA Sch 1 definition of "invention"; PA s 18(1)(a)
- From 1700 onwards, requirements for clear description developed; the patent specification emerged as a teaching document exchanging disclosure for monopoly
- *Attorney-General (Cth) v Adelaide Steamship Co* (1913) 18 CLR 30 (Lord Parker): articulated the consideration moving to the public as the quid pro quo justifying the monopoly grant

Australian legislative history:

- Colonial Patents Acts (e.g., Patents Act 1852-95 (NSW)) based on the UK Patents, Designs and Trademarks Act 1883
- **Patents Act 1903 (Cth):** first Commonwealth Act; created the Australian Patent Office and the Commissioner of Patents
- **Patents Act 1952 (Cth):** substantially reformed; influenced by UK Patents Act 1949; petty patent system introduced by amendment in 1979 (Australian version of the German/Japanese utility model for smaller-scale inventions with shorter market life; initial 1-year protection renewable to a maximum of 6 years; novelty tested only against Australian publications; same inventiveness standard as standard patents)
- **Patents Act 1990 (Cth):** in force 30 April 1991; "plain English" legislation with more systematic ordering; introduced following IPAC recommendations

TOPIC 9: Patentable Subject-Matter (Manner of Manufacture)

Statutory framework

***Patents Act 1990* (Cth) (PA)**

Section 18(1) PA — an invention is patentable for a standard patent if, so far as claimed in any claim, it:

- **(a)** is a manner of manufacture within the meaning of s 6 of the *Statute of Monopolies*;
- **(b)** when compared with the prior art base as it existed before the priority date of that claim:
  - **(i)** is novel; and
  - **(ii)** involves an inventive step;
- **(c)** is useful; and
- **(d)** was not secretly used in the patent area before the priority date by or on behalf of or with the authority of the patentee or nominated person or their predecessor in title.

Section 18(1A) PA — equivalent requirements for an innovation patent, with "inventive step" replaced by "innovative step".

Section 18(2) PA — human beings, and the biological processes for their generation, are not patentable inventions.

Section 18(3) PA — for innovation patents, plants and animals, and the biological processes for their generation, are not patentable inventions.

Section 18(4) PA — s 18(3) does not apply if the invention is a microbiological process or a product of such a process.

Schedule 1 PA (Dictionary) — "invention" means "any manner of new manufacture the subject of letters patent and grant of privilege within section 6 of the Statute of Monopolies, and includes an alleged invention".

Section 6, Statute of Monopolies 1623

Preserves from invalidity letters patent of "any manner of new Manufactures within this Realme, to the true and first Inventor and Inventors of such Manufactures, which others at the tyme of makinge such letters patents and graunts shall not use, soe as alsoe they be not contrary to the lawe or mischievous to the state by raisinge prices of comodities at home, or hurt of trade, or generallie inconvenient".

Three groups of requirements under s 18

1. **Patentable subject matter** — the invention must be a "manner of manufacture" (s 18(1)(a)).
2. **Patentability criteria** — novelty, inventive step, utility, and no secret use before filing (s 18(1)(b)–(d)).
3. **Not expressly excluded** — the invention must not fall within s 18(2) or (3).

The focus here is s 18(1)(a). A patent examiner will not proceed to assess the patentability criteria unless the claimed invention satisfies the manner of manufacture requirement, so this operates as the threshold gatekeeper.

Other refusal and revocation powers

- **s 50(1) PA** — Commissioner's discretion to refuse a standard patent where the invention is contrary to law, or is a food or medicine consisting only of a mixture of known ingredients, or where a claim includes the name of a person as the name of the invention.
- **s 101B(2)(d)–(g) PA** — innovation patent may be revoked after examination for certification on similar grounds.
- **s 59(b) PA** — opposition to a standard patent application on the ground that the claimed invention is not a manner of manufacture.
- **s 138(3)(b) PA** — a granted standard patent may be revoked on the same ground.
- **s 101B(2)(b) PA** — innovation patent may be revoked by the Commissioner during examination for certification for want of manner of manufacture; the same ground applies under s 138(3)(b) before a court.

REASONING: Gordon, Edelman and Steward JJ (allowing the appeal)

Characterisation

- The proper characterisation of claim 1 was as "an EGM incorporating an interdependent player interface and a game controller which includes feature games and configurable symbols" [149]. That characterisation could not be artificially reduced to a mere abstract idea by stripping out the hardware integers or the configurable symbols, which were inextricably interdependent with the game controller and player interface [147]–[149]. Any claim can be stripped back to reveal an abstract idea, but that process is an error in characterisation methodology [103], [139].

The test for computer-implemented inventions

- There is only one question: is there a manner of manufacture within s 6 of the Statute of Monopolies [151]? It is not necessary, and may be misleading, to ask separately whether the claimed invention is "computer-implemented." The implementation of an idea on a computer to create an artificial digital state of affairs should not be treated differently from implementation by any other machine to create an artificial physical state of affairs [153]. When the Commissioner conceded that a mechanical implementation using cogs and reels would have been patentable, it became impossible to distinguish the electronic implementation on any principled basis [96], [119].
- A better formulation of the question for cases involving claims where an abstract idea is implemented through computer technology is: is the subject matter alleged to be patentable (i) an abstract idea which is merely manipulated on a computer; or (ii) an abstract idea which is implemented on a computer to produce an artificial state of affairs and a useful result [122]? The artificial state of affairs "may be an improvement in computer technology, but it need not be" [122]. The ingenuity may lie in the idea rather than the implementation, so long as the idea is applied to produce an artificial state of affairs and a useful result [123].

Application to claim 1

- Claim 1, as properly characterised, was a manner of manufacture. The claimed operation of the game controller, displayed through the player interface, involved an artificial state of affairs and a useful result amounting to a manner of manufacture [154]. The claim was not a mere abstract idea; it was the idea of the feature game and configurable symbols implemented in the specific interdependent combination of player interface and game controller. The configurable symbols, expert evidence established, were a significant enhancement of player experience not previously known in EGMs [133]–[134], [137].

PRINCIPLES

State of the law: The Court is equally divided and no majority view emerged on the correct test. The FCAFC decision is affirmed as a matter of result but not as settled doctrine. The law on computer-implemented inventions therefore remains uncertain at the HCA level.

Points of agreement across all six justices:

- Characterisation of the invention is a matter of substance, not form, conducted by reference to the claim read in light of the specification and common general knowledge.
- Mere schemes, abstract ideas, and rules of games are not patentable subject matter.
- A mere instruction to implement an abstract idea using generic computer technology for its ordinary functions is not patentable.
- *NRDC*, *Myriad*, and *NV Philips* provide the governing framework; foreign law (UK, US) is of limited and potentially misleading assistance given the divergent statutory contexts.

Points of disagreement:

- Kiefel CJ, Gageler and Keane JJ: the FCAFC majority test (advance in computer technology) is unnecessary and potentially too restrictive; the correct inquiry is whether the implementation involves some adaptation or alteration of technology well-known in the common general knowledge. On the facts, no such adaptation was claimed.
- Gordon, Edelman and Steward JJ: the advance in computer technology test (Middleton and Perram JJ) is too rigid; an advance in any relevant field of technology may suffice; an artificial state of affairs and useful result produced through the implementation, even without inventiveness in the implementation, can constitute a manner of manufacture. On the facts, the claim was patentable.

***Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents (No 3)* [2024] FCA 212**

communications device [404]–[406], [417]. The 355 patent improved the way a particular class of computers, being base stations and subscriber units, scan frequencies [405].

- Hytera's argument that the primary judge assessed manner of manufacture by reference to what the patent "involves" rather than what it "claims" was rejected. At its broadest, the patent discloses a method for improving scanning time, which is a manner of manufacture and not an abstract idea [417].

PRINCIPLES

- A computer-implemented method that improves the operational efficiency of a defined class of computing device (here, scanning time in two-way radio base stations and subscriber units) is an improvement in computer technology and satisfies the manner of manufacture requirement [414], [417].
- The *IBM* analogy remains operative: where a programming problem is solved by a method that improves device performance rather than merely directing existing hardware to execute a scheme, the manner of manufacture requirement is satisfied [404]–[406].
- A "mere scheme" argument fails where the claimed method is tied to a specific technical improvement in a defined class of device and is not a general set of instructions leaving implementation entirely open [417].
- The FCAFC majority test from *Commissioner v Aristocrat* (improvement in computer technology) continues to bind at Full Court level following the 3:3 HCA split [401], [415].
- **Contrast note:** Burley J in *Aristocrat (No 3)* [2024] FCA 212 was bound by the FCAFC majority reasoning on remitter. Moshinsky J in *UbiPark* [2023] FCA 885, not so constrained, applied the HCA allowing reasons framework (artificial state of affairs and useful result, with no advance-in-computer-technology requirement). *Hytera* confirms the FCAFC majority test remains operative at Full Court level, and that the 355 patent's technical improvement to scanning efficiency satisfies it.

***Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents* [2025] FCAFC 131**

Departs from the FCAFC majority two-step test (advance in computer technology), adopts the HCA allowing reasons framework, and holds that an abstract idea implemented on a computer to produce an artificial state of affairs and a useful result can constitute a manner of manufacture; special leave to appeal refused.

FACTS: Aristocrat held four innovation patents over EGMs providing a feature game using configurable symbols (symbols with variable prize value components displayed during play). A delegate of the Commissioner revoked all claims for want of manner of manufacture. The matter had passed through a first instance decision (Burley J, PJ1, finding a manner of manufacture), the FCAFC majority (finding no manner of manufacture, applying a two-step advance-in-computer-technology test), a 3:3 HCA split (affirming the FCAFC by force of s 23(2)(a) of the *Judiciary Act 1903* (Cth)), and a second first instance decision (PJ2, Burley J applying the FCAFC majority on remitter). The present appeal concerned the residual claims (claim 5 of each patent) on remitter from PJ2.

ISSUES & HELD: The Full Court allowed the appeal and held the residual claims were manners of manufacture [136], [141]. Special leave to the High Court was subsequently refused.

REASONING

Effect of s 23(2)(a) and the remittal order [97]–[103]

- The "decision" affirmed by s 23(2)(a) refers only to the orders of the Federal Court, not its reasons [99], citing *Perara-Cathcart v The Queen* (2017) 260 CLR 595 at [75]–[79]. The remittal order required the primary judge to determine residual issues "in light of the Full Court's reasons," meaning "having regard to," not "bound to apply" [100]. Whether the primary judge was required to apply the majority decision was a matter of precedent, not the terms of s 23(2)(a) or the remittal order [103].

Binding effect on the primary judge [104]

- The primary judge was correctly bound by the FCAFC majority decision through the ordinary doctrine of precedent; the 3:3 HCA split created no binding precedent [104]. A coincident outcome produced by two distinct lines of reasoning does not satisfy the concept of seriously considered dicta of a majority of the High Court in conformity with long-established authority [108]. Although all six HCA justices rejected the majority's two-step test, they did so for irreconcilably different reasons, precluding any common ratio [107]–[108].

Compelling reason to depart from the FCAFC majority [113]–[116]

- The Full Court is not bound by its own previous decisions and should depart where there is a compelling reason [114], applying *Construction, Forestry, Maritime, Mining and Energy Union v Personnel Contracting Pty Ltd* (2020) 279 FCR 631 at [126]. The standard is not "plainly wrong" but whether a

- **Naturally occurring isolated DNA**: not patent eligible. Myriad did not create or alter genetic information; the location and order of nucleotides existed in nature before Myriad found them. Test from *Chakrabarty*: whether the claim has "markedly different characteristics from any found in nature". Isolation severing covalent bonds did not save the claim because the claims focused on genetic information, not chemical composition.
- **Synthetically created cDNA**: patent eligible. cDNA is created from mRNA using reverse transcription, with introns removed; it is "an exons-only molecule, which is not naturally occurring". The lab technician "unquestionably creates something new when cDNA is made".
- **Discovery vs invention**: "Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the §101 inquiry." Extensive research effort alone is also insufficient.
- **Expressly outside the holding**: method claims, claims to new applications of BRCA knowledge, and DNA in which the natural order of nucleotides has been altered.

Australian divergence: D'Arcy reached the same result on isolated DNA via a different doctrinal path. The Australian High Court did not adopt the freestanding "product of nature" exception under §101. Invalidity was reached through substance-over-form analysis and the multi-factor framework at [28] of the plurality judgment. On cDNA, Gordon J at [283] in *D'Arcy* noted that cDNA was covered by the Australian claims and was not saved.

Stem cells and human embryos

***Re International Stem Cell Corporation* [2016] APO 52**

The s 18(2) PA exclusion of "human beings, and the biological processes for their generation" does not extend to parthenogenically-activated human oocytes because blastocysts produced by parthenogenesis cannot reasonably claim the status of a human being and have no potential to develop into one.

FACTS: International Stem Cell Corporation held two patent applications relating to the parthenogenic activation of human oocytes to produce human embryonic stem cells, and a further application relating to synthetic cornea production from retinal stem cells obtained through that process. Parthenogenesis involves activation of an oocyte in the absence of sperm, producing a blastocyst containing only maternal DNA and lacking paternal imprinting. In mammals, such parthenotes cannot develop into a viable organism. The examiner objected under s 18(2) PA on the basis that the claimed methods included a step in which an activated unfertilised oocyte (characterised as a human embryo) was produced, constituting a biological process for the generation of a human being.

ISSUE: Whether methods that include a step producing a parthenogenically-activated blastocyst fall within the s 18(2) exclusion of "biological processes for the generation of human beings."

HELD: The s 18(2) objection was overcome. Parthenogenic blastocysts produced by the claimed methods cannot claim the status of a human being and do not represent a biological process that directly relates to the generation of a human being.

REASONING

Scope of s 18(2):

The Delegate confirmed the interpretation of s 18(2) from *Fertilitescentrum AB and Luminis Pty Ltd* [2004] APO 19: the prohibition covers "any entity that might reasonably claim the status of a human being," including a fertilised ovum and all its subsequent manifestations through to birth. The exclusion encompasses the biological processes that directly relate to generating that entity. The Delegate also accepted (following *Hwang* [2004] APO 24) that the exclusion extends to methods using artificial oocyte activation, and is not limited to natural fertilisation [26].

The Delegate rejected a purely literal reading of s 18(2) and applied the purposive approach under s 15AA of the *Acts Interpretation Act 1901* (Cth). The exclusion was introduced in response to public concern about patenting human beings and reproductive technologies. It would be inconsistent with that purpose if additional processing steps following the production of a human embryo allowed the claim to circumvent the exclusion [22].

Parthenogenic blastocysts and human being status:

The key question was whether a parthenogenic blastocyst can "reasonably claim the status of a human being" and whether its production is a process that "directly relates to the generation of a human being" [28].

The Delegate accepted the scientific evidence submitted by the applicant that parthenogenic blastocysts are incapable of developing into a human being [29]–[31]:

- They contain only maternal DNA and thus lack a complete genome.

deliberate and narrow exclusion strongly indicated that Parliament did not intend a broader exclusion for medical methods.

The "generally inconvenient" proviso (Finkelstein J):

- Finkelstein J gave extended consideration to the history of s 6 of the Statute of Monopolies and the competing policy arguments surrounding medical process patents. The policy debate involves irreconcilable considerations: on one side, concerns about patients being denied treatment, suppression of medical knowledge-sharing, and conflicts of interest; on the other, the incentive function of patents in encouraging costly research and development.
- His Honour adopted the approach of the US Supreme Court in *Diamond v Chakrabarty* 447 US 303 (1980): "The choice we are urged to make is a matter of high policy for resolution within the legislative process after the kind of investigation, examination, and study that legislative bodies can provide and courts cannot." Courts are without the competence to resolve such competing values; that is a matter for Parliament. Accordingly, if public policy requires the exclusion of medical treatment processes from patentability, Parliament should amend the legislation to achieve that result. Courts should not do so by expanding the "generally inconvenient" proviso.

Novelty:

- The patents ultimately failed on novelty. An abstract by Dr ten Bokkel Huinink, published in Australia before the priority date, reported that a three-hour infusion schedule for taxol "proved to be feasible" if given with prophylactic premedication, making outpatient treatment possible. This taught the shorter infusion period as a treatment of cancer: "There can be no serious doubt that the abstract teaches the shorter infusion period, with premedication, as a 'treatment' of cancer." The requirement of novelty under s 18(1)(b)(i) was not satisfied. The five Phase I trial reports considered by the primary judge were not anticipations because none taught or recommended the claimed method; they were investigations into safety, not directions to use the claimed regimen.

PRINCIPLES

- **Methods of medical treatment are patentable in Australia.** There is no "generally inconvenient" exclusion applicable to such methods. Parliament's only express exclusion in this area is s 18(2), which covers human beings and the biological processes for their generation.
- **Relevance to s 18(2):** Lockhart J in *Rescare* (followed here) noted that patentability of medical treatment methods is "expressly conditioned on the absence of any statutory exclusion." This is precisely the condition preserved in *Fertilitescentrum* (where an exclusion under s 18(2) applied) and *Apotex* (where it did not). The two lines of authority are not contradictory.
- **Institutional competency:** Where the policy arguments for and against a particular category of patent protection are genuinely irreconcilable, courts should not extend or contract patent protection through the "generally inconvenient" proviso. That is a legislative function.
- **Novelty test:** A prior publication destroys novelty only if it gives "a direction or make[s] a recommendation or suggestion which will result, if the skilled reader follows it, in the claimed invention." A prior publication reporting a method in Phase I trials without recommending it as a therapeutic approach does not anticipate; an abstract that affirmatively teaches a shorter infusion as a feasible cancer treatment does.

See above for *Application by Luminis Pty Ltd and Another (Fertilitescentrum AB and Luminis Pty Ltd)* (2004) 62 IPR 420]

8.3 Manner of Manufacture: Combination and New Use Patents

Combination patents

A **combination patent** claims a combination of elements, each of which may individually be well known, where the elements **interact** to produce a new thing. The key principle was articulated in *Welch Perrin & Co Pty Ltd v Worrel* (1961) 106 CLR 588, affirmed by the High Court in *Advanced Building Systems v Ramset Fasteners* at [12]:

A valid combination patent describes a machine or process the elements of which are well-known integers, "but combined so that they are not a mere collocation of separate parts, but interact to make up a new thing".

TOPIC 10: Patentability Criteria

8.5 General

Section 18(1)(b)–(d) PA sets out the patentability criteria a claimed invention must satisfy in addition to the manner of manufacture requirement under s 18(1)(a). These criteria operate cumulatively; an examiner will only reach them once the s 18(1)(a) threshold has been cleared.

Section 18(1) PA, patentable inventions for the purposes of a standard patent

> Subject to subsection (2), an invention is a patentable invention for the purposes of a standard patent if the invention, so far as claimed in any claim:
> (a) is a manner of manufacture within the meaning of s 6 of the *Statute of Monopolies*; and
> (b) when compared with the prior art base as it existed before the priority date of that claim:
> i. is novel; and
> ii. involves an inventive step; and
> (c) is useful; and
> (d) was not secretly used in the patent area before the priority date of that claim by, or on behalf of, or with the authority of, the patentee or nominated person or the patentee's or nominated person's predecessor in title to the invention.

Section 18(1A) PA sets out equivalent criteria for innovation patents, with "innovative step" replacing "inventive step" in s 18(1A)(b)(ii).
The four patentability criteria are accordingly:
- **Novelty** (s 18(1)(b)(i)): the claimed invention must not have been disclosed in the prior art base before the priority date.
- **Inventive step** (s 18(1)(b)(ii)): the claimed invention must not have been obvious to a person skilled in the relevant art at the priority date.
- **Utility** (s 18(1)(c)): the invention must be useful.
- **No secret use** (s 18(1)(d)): the invention must not have been secretly used in the patent area before the priority date by or on behalf of the patentee or their predecessor in title.

8.5.1 Novelty

Concept and rationale

To be patentable, a claim must be **novel**: it must disclose something that was not previously known or used. A claim is not novel if the claimed invention has been **publicly disclosed** prior to the priority date.

An invention will be deemed publicly disclosed if:
- it has been made publicly available **anywhere in the world** prior to the priority date; or
- it was disclosed in an **earlier patent application** that itself becomes publicly available after the filing date of the later application (the "whole of contents" prior art under paragraph (b)(ii) of the definition of "prior art base" in Schedule 1).

Statutory framework: the novelty test

Section 7(1) PA, novelty

> For the purposes of this Act, an invention is to be taken to be novel when compared with the prior art base unless it is **not novel** in the light of any one of the following kinds of information, **each of which must be considered separately**:
> (a) prior art information (other than that mentioned in paragraph (c)) made publicly available in a single document or through doing a single act;
> (b) prior art information (other than that mentioned in paragraph (c)) made publicly available in 2 or more related documents, or through doing 2 or more related acts, **if the relationship between the documents or acts is such that a person skilled in the relevant art would treat them as a single source of that information**;

and involves trial and error, dead ends, and retracing of steps is not the taking of routine steps. McHugh and Kirby JJ dissented on the basis that obviousness is a factual determination not to be disturbed.

REASONING

Hindsight and combination patents [19]–[21]

- The danger of hindsight misuse is "particularly acute where what is claimed is a new and inventive combination for the interaction of integers, some or all of which are known": [21], quoting Lord Diplock in *Technograph Printed Circuits Ltd v Mills & Rockley (Electronics) Ltd* [1972] RPC 346, 362. The combination at issue was a proper combination in the technical sense: three elements interacting to produce the new product, the interaction being the essential requirement of invention: [6]. "It is not to the point that... omeprazole was known as an acid labile compound and that it was known that enteric coatings were resistant to acids. The question for decision concerns the ingenuity of the combination, not of the employment of any one or more integers taken individually": [6].

CGK constraint and Australian divergence from UK [33]–[40]

- "Obvious" means "very plain": [34], citing *General Tire*. The majority affirmed *Minnesota Mining*: obviousness under the 1952 Act was to be determined without reference to prior publications unless proved to be part of CGK at the priority date: [43]–[45]. The issue "was not whether it was 'obvious' to search... but whether what a search would have disclosed had entered the body of common general knowledge": [45]. The primary judge erred by treating documents found through a "routine literature search" as relevant to obviousness when there was no finding they had entered CGK: [55]–[57]. Australian law diverges from the post-1977 UK position, which assumed the skilled worker had read all available prior art: [47]–[49].

Matter of routine and the reformulated Cripps question [50]–[53]

- Aickin J's "matter of routine" formulation in *Wellcome Foundation* (1981) 148 CLR 262, 286 distinguishes experiments forming part of an inventive step from experiments "of a routine character which the uninventive worker in the field would try as a matter of course": [51], citing *Wellcome Foundation*, 280–281. The test has "an affinity" with the reformulated Cripps question from *Olin Mathieson Chemical Corporation v Biorex Laboratories Ltd* [1970] RPC 157, 187–188:
- "Would the notional research group at the relevant date, in all the circumstances... directly be led as a matter of course to try [the claimed inventive step] in the expectation that it might well produce a useful alternative to or better drug?"
- That approach was accepted as stating the correct test: [53]. Lehane J erred by giving "routine" an operation more favourable to Alphapharm: rather than asking whether the skilled addressee would have been led directly as a matter of course to pursue one avenue with an expectation of success, his Honour asked whether the hypothetical formulator would have "arrived at the combination by taking routine steps": [54]–[58]. The tracing of a course "complex and detailed, as well as laborious, with a good deal of trial and error, with dead ends and the retracing of steps is not the taking of routine steps to which the hypothetical formulator was taken as a matter of course": [58].

Rejection of "obvious to try" / "worthwhile to try" [73]–[76]

- The Full Court had held it sufficient that "it be apparent to [a non-inventive skilled worker] that it would be worthwhile to try each of the integers that was ultimately successfully used": [63]. This was rejected on multiple grounds. First, it assessed each integer separately rather than the combination: [65]. Second, it imported the "worthwhile to try" standard, which the majority expressly rejected: "the statute does not ask whether a particular avenue of research was obvious to try so that the result claimed therefore is obvious; the adoption of a criterion of validity expressed in terms of 'worth a try' or 'obvious to try' and the like begs the question presented by the statute": [72]. The majority endorsed the long line of US authorities rejecting "obvious to try": *Application of Tomlinson* (1966) 363 F 2d 928, 931; *In re O'Farrell* (1988) 853 F 2d 894, 903 at [73]–[76], preferred over post-1977 English decisions which had adopted "worthwhile trying": [70]–[76].

PRINCIPLES

- The test for obviousness is whether the hypothetical non-inventive PSA, equipped with CGK at the priority date, would have been led directly as a matter of course to pursue the claimed combination in the expectation that it might well produce a useful result: the reformulated Cripps question from *Olin Mathieson*: [53].

Note: This is a US authority applying § 101 of the US Patent Act, which requires any new and useful composition of matter. It is not binding in Australia. Australian utility under s 18(1)(c) of the Patents Act 1990 (Cth) asks whether the invention is "useful", assessed against the test established in cases including ***Rescare Ltd v Anaesthetic Supplies Pty Ltd*** (1992) 25 IPR 119 and modified by the Raising the Bar Act 2012. The comparison is instructive, particularly on the question of whether research tools or research intermediates can satisfy utility.

FACTS: Fisher applied for a patent covering five "expressed sequence tags" (ESTs), short nucleotide sequences representing fragments of cDNA clones from maize genes. ESTs can hybridise with DNA to show which genes were being expressed at the time of mRNA extraction. Fisher asserted seven uses including use as molecular markers, sources for PCR primers, probes for detecting polymorphisms, and tools for isolating promoters. At the time of filing, Fisher did not know the functions of the underlying protein-encoding genes corresponding to the claimed ESTs. The PTO Board rejected the application for lack of utility under § 101 and lack of enablement under § 112. The Federal Circuit affirmed.

The test for utility under § 101

- The court confirmed, following *Brenner v Manson* 383 US 519 (1966), that the utility requirement demands a "specific and substantial utility." These two elements were explained as follows.
- A "substantial" utility requires that the invention have "a significant and presently available benefit to the public" at 1371. Utility that requires carrying out further research to identify or confirm a real-world context of use does not qualify. "It thus is clear that an application must show that an invention is useful to the public as disclosed in its current form, not that it may prove useful at some future date after further research" at 1371.
- A "specific" utility requires that the asserted use "not be so vague as to be meaningless" at 1371. A use applicable to any member of a broad class of inventions is not specific. If the same use can be made of any EST derived from any organism, it does not set the claimed ESTs apart and does not satisfy § 101 at 1374.

Application to Fisher's ESTs

- The claimed ESTs acted "as no more than research intermediates that may help scientists to isolate the particular underlying protein-encoding genes and conduct further experimentation on those genes" at 1373. They were objects upon which scientific research could be performed with no assurance of a useful result, citing *Brenner* at 535.
- Fisher's seven asserted uses were both non-specific and non-substantial. Each use was equally applicable to any EST derived from any gene in the maize genome, or indeed from any organism. No evidence was presented showing the claimed ESTs had actually been used to identify a polymorphism, isolate a promoter, or achieve any of the other asserted uses. The court distinguished pharmaceutical cases such as *Cross v Iizuka* 753 F 2d 1040 (Fed Cir 1985), where specific pharmaceutical uses were supported by in vivo or in vitro animal data, on the basis that Fisher presented no equivalent evidence at 1377.
- The court analogised the ESTs to compounds of unknown utility in *Brenner*: "a patent is not a hunting license. It is not a reward for the search, but compensation for its successful conclusion" at 1376, quoting *Brenner* at 536.

Particular claim types (APO MPP 5.6.8.19)

- **Dependent claims:** generally take the utility of the independent claim from which they depend, unless the dependent claim specifies a different use.
- **Alternatives in a claim:** everything within the scope of the claim must be useful; each embodiment must achieve the promised benefit.
- **Numerical ranges:** the claim should be taken to satisfy utility unless there is good reason to question whether the promised benefit would be achieved across the whole range.
- **Broad claims:** an objection arises if there is good reason to question whether the claimed invention is useful across the full scope. If only some compounds in a broad chemical class produce the desired result, the claim fails.
- **Therapeutic/pharmacological use:** broad assertions (e.g. "cure cancer") must be supported by a reasonable correlation between the stated activity and the asserted use. Statistical certainty is not required,

- Advantages described in the body that accrue from using the invention do not form part of the claim and cannot be read into it: p 42.

***GlaxoSmithKline Consumer Healthcare Investments (Ireland) (No 2) Ltd v Apotex Pty Ltd* [2016] FCA 608**

Authority on the test for clarity of patent claims under s 40(3) PA 1990; Beach J at [722]–[724] holds that a claim is clear if unambiguous or if the ambiguity can be resolved by proper construction, but is bad for uncertainty if fairly and equally open to diverse meanings or so obscure that construction remains a matter of doubt; also applies the limits of the skilled addressee construct, holding that even where a skilled addressee would perceive a mistake in a claim, the court cannot rewrite the claim under the guise of construction.

FACTS: GSK held a standard patent for a sustained release paracetamol bilayer tablet with a specified in vitro dissolution profile. Claim 1 defined the dissolution profile by reference to "the USP type III apparatus, reciprocating basket". However, the current USP type III apparatus used a "reciprocating cylinder" not a basket. GSK argued the skilled addressee would recognise "basket" as a mistake for "cylinder" and that the court should construe "basket" accordingly. Apotex and Generic Partners cross-claimed for invalidity on multiple grounds including lack of clarity, sufficiency, fair basis and want of inventive step.

ISSUES:

- What is the test for clarity of claims under s 40(3)?
- Can a court construe a claim to correct a mistake identified by the skilled addressee, effectively rewriting it?

HELD: Both GSK's infringement case and the invalidity cross-claims failed [1000]. On construction, "basket" means basket and the court could not substitute "cylinder"; GSK therefore failed on infringement. On clarity, no issue arose because "basket", properly construed, is unambiguous.

REASONING

Principles of clarity [722]–[724], [728]

- Lack of precise definition will not be fatal to validity "as long as it provides a workable standard suitable to the intended use": [722].
- However, per Dixon and McTiernan JJ in *Kauzal v Lee* (1936) 58 CLR 670 at 685, vagueness of description, want of particularity and indistinctiveness of thought may generate such uncertainty about the scope of the monopoly that the claim fails the requirement of definiteness: [722].
- A claim is clear if either there is no ambiguity, or the ambiguity can be resolved by properly construing the claim: [723].
- A claim is bad for uncertainty if no reasonably certain construction can be given to it, or if it is "fairly and equally open to diverse meanings": [724].
- A court is not bound to find a meaning for a claim, nor to approach it with conviction that its language is capable of reasonable construction when carefully examined: [724].
- A claim may be bad for uncertainty even if the court could technically find a meaning, where "it is so obscure that its construction remains a matter of doubt": [724].
- Where a claim is clear, it is not to be made obscure by taking elements of a preferred embodiment not referred to in the claim and artificially creating obscurity: [728].

Limits of the skilled addressee construct: the basket/cylinder issue [12]–[14]

- The skilled addressee would likely have perceived "basket" in claim 1 as a mistake for "cylinder". However, "basket" has a clear and unambiguous meaning. There is nothing in the body of the specification that justifies re-conceptualising "basket", since the same mistake was made throughout: [12]–[13].
- "The hypothetical construct of the skilled addressee cannot be taken so far as to re-write or amend a claim of the specification. That conceptual tool has its limits": [13].
- The boundary constraint is that the court "is obliged to construe the claim as it is, rather than what it should have been": [14]. Patent amendment is dealt with under a separate statutory mechanism and cannot be achieved under the pretence of a construction exercise: [12].
- Accordingly, "basket" means basket, GSK failed on infringement, but no lack of clarity arose because the term bears a clear meaning on its face: [731]–[732].

PRINCIPLES

- A claim is clear if unambiguous, or if the ambiguity can be resolved by proper construction: [723].

- A duty to invent may sometimes be imposed indirectly through a university IP policy, but only if that policy has been **properly promulgated** (Bowrey et al, p 499).
- The employer may alternatively ask the court to imply a **fiduciary** obligation.
- Why the different approach: academics occupy a special position with research autonomy and academic freedom, including freedom to solicit research funds, to publish, and to collaborate. These negate the existence of a duty to invent and the duty of secrecy the implied term presupposes.

University of Western Australia v Gray **(2009) 179 FCR 346 (Lindgren, Finn and Bennett JJ)**

Leading Australian authority on the ownership of academic employees' inventions: the implied term at law that vests an employee's inventions in the employer does not apply to university academic staff who have a duty to research but no duty to invent, who are free to publish research results, and who conduct research funded substantially from external sources through inter-institutional collaboration.

FACTS: Dr Gray was appointed Professor of Surgery at UWA in 1985. His contract required him to undertake research, organise research, and stimulate research among staff and students. He had no express duty to invent. During his employment, he and collaborators developed three streams of microsphere technology for targeted cancer treatment (SIRT-Spheres, DOX-Spheres, and Thermo-Spheres). Research was funded substantially from external sources including NH&MRC grants, RPH, CRI, and LCI. Dr Gray published results freely and collaborated extensively with researchers at other institutions. He assigned patent rights to a commercial entity (Sirtex) without UWA's knowledge. UWA claimed it was an implied term of his employment contract that inventions made during employment belonged to UWA.

ISSUES:

1. Was there an implied term at law in Dr Gray's contract of employment that inventions developed in the course of his employment belonged to UWA?
2. If so, did Dr Gray's specific employment circumstances negate that term?
3. Did Dr Gray breach fiduciary duties owed to UWA?
4. Were the inventive concepts developed during Dr Gray's employment at UWA?

HELD: Appeal dismissed. No implied term arose; the fiduciary duty claim failed; and on the findings, the inventive concepts underlying most inventions were developed before or after Dr Gray's employment at UWA: at [380].

REASONING

Implied term at law: general principles

- Terms implied by law are **legal incidents of a particular class or type of contract**, not based on the parties' actual or presumed intention in a given instance: at [136], citing *Codelfa Construction Pty Ltd v State Rail Authority (NSW)* (1982) 149 CLR 337.
- The test of "necessity" for such implication is informed by **"more general considerations"** going to the inherent nature of the contract and the relationship it creates, including considerations of justice and policy: at [142]-[143], citing *Lister v Romford Ice and Cold Storage Company Pty Ltd* [1957] AC 555 and *Liverpool City Council v Irwin* [1977] AC 239.
- Where the proposed implication applies only to a **subcategory** of employment contracts, the proponent must show that the contract falls within that class or type: at [138], [205].

The implied term for employee inventions

- The foundational principle, from *Sterling Engineering Co Ltd v Patchett* [1955] AC 534, is that **it is inherent in the master-servant relationship that any product of the work the servant is paid to do belongs to the master**: at [151], [180].
- The implied term turns critically on **what the employee was engaged to do**: the recurring question is whether the employee's inventive faculty was engaged in an agreed way or for an agreed purpose for the employer's benefit: at [152].
- The implied term **presupposes** the employee's duty of confidence to protect information generated during employment; it cannot operate in isolation from that duty: at [165]-[166], [190]-[191].

Universities as employers: the threshold question

- **General policy considerations** relating to the nature and public purposes of universities, and the distinctiveness of academic employment, are relevant to whether a university employment contract is of the class or type that attracts the implied term: at [182]-[188], [206].

Distinction: assignment transfers ownership; licensing grants permission to use while ownership is retained.

Tying arrangements (s 144)

Former s 144 voided certain "tie-in" conditions (for example, requiring a licensee to acquire an unpatented product from the patentee, or restricting use of competitors' products), and a void condition gave a complete defence to infringement (s 144(4)) where inserted by the patentee. The High Court took a restrictive view of its predecessor (s 112 of the Patents Act 1952), and licensing must in any case not breach the Competition and Consumer Act 2010 (Cth) Part IV (*Transfield Pty Ltd v Arla International Ltd* (1980) 144 CLR 83). Section 144 was **repealed** by the Statute Law Amendment (Prescribed Forms and Other Updates) Act 2023 as a rigid, outdated per se ban superseded by the case-by-case "substantial lessening of competition" test in the CCA (consistent with the Harper Review). Overly restrictive licensing may also attract compulsory licensing (s 133).

11.3 Patent strategies

Effective patent strategy begins **before filing** and continues **after grant**. The exploitation options (assign, license, self-use) matter less than the strategy behind selecting and using them.

Pre-application strategies

Issues to consider before filing:

- seek professional help (a patent attorney or agent)
- ascertain whether the invention has a genuine **competitive advantage**
- decide between **patent, trade secret, or both**
- where patenting, determine the **extent of use** to claim
- decide on the **jurisdiction(s)** for filing
- consider lawful anti-competitive practices such as a **patent thicket** (to discourage competition) or **defensive patenting** (to delay competitors)

Post-grant strategies

Considerations after grant:

- choose a **commercialisation option**: spin-off/start-up, joint venture or merger, assignment, or licensing
- where licensing: type of licence; duration; royalty regime (fixed or flexible); whether cross-licensing is required
- where a **pharmaceutical** patent is involved: whether and when to use **evergreening** and/or **pay-for-delay** to extend monopoly rights

Strategy frameworks (background texts)

Donald S Rimai, *A Guide for Implementing a Patent Strategy: How Inventors, Engineers, Scientists, Entrepreneurs, and Independent Innovators Can Protect Their Intellectual Property* (John Wiley & Sons, 2018) ch 1. A patent is a legal document allowing the owner to **exclude** others from practising the invention; it does not confer a right to practise where doing so would infringe another's patent (hence the value of cross-licensing). Legally, an "invention" is a novel and non-obvious **solution to a technical problem**, assessed against a person of **ordinary** skill in the art, not the inventor's own (often higher) skill. For employed scientists and engineers, patents serve as a public publication record and may attract financial incentives. A single patent rarely suffices: the objective is a **patent portfolio** ("strength in numbers") that deters assertions of invalidity, enables cross-licensing and injunctions, and forces competitors into work-arounds. A holistic strategy is needed because disjointed individual filings risk premature or inconsistent disclosure that can invalidate later patents.

Jackson Knight, *Patent Strategy for Researchers and Research Managers* (Wiley, 3rd ed, 2013) ch 3. Engage professional help; an inventor should resist the urge to "go it alone", as an untrained applicant has a limited chance of obtaining a strong, enforceable patent and can easily forfeit rights. Assess patentability through a prior-art (anticipation) search **before** drafting, since searches often reveal the invention, or most of it, has already been disclosed. "Strategy" operates at three conceptual levels, framed on a military-strategy model (objective, offensive, simplicity, unity of command, mass, economy of force, manoeuvre, surprise, security): the **product line**, a

- **"The more difficult it is for the patentee to establish that there is a likelihood of widespread infringing use, the more difficult it should be for the patentee to obtain injunctive relief in the broad terms restraining any supply"**: [444]
- A blanket restraint may deny suppliers and the majority of consumers access to a product in circumstances where infringing use would only affect a small minority: [444]

PRINCIPLES

- **Staple commercial product requires a wide variety of uses**: Multiple non-infringing uses are insufficient; the product must be a basic or raw material type of product used commonly for a wide variety of purposes. A pharmaceutical with uses confined to a single therapeutic area is not a staple commercial product: [430]–[431].
- **s 117(2)(c) - product information**: Statements in product information encouraging tablet splitting constitute an "inducement" within s 117(2)(c): [427].
- **s 117(2)(b) - no need to identify specific infringers**: A patentee need not identify particular persons who will infringe; proof that the supplier had reason to believe that some persons in the supply chain would put the product to infringing use suffices: [433].
- **Proportionality of injunctive relief**: Where only some consumers will infringe, courts should consider proportionality rather than granting a blanket restraint on all supply: [444].

Innocent infringement

Where a defendant satisfies the court that, at the date of the infringement, it was not aware and had no reason to believe that a patent for the invention existed, the court may **refuse to award damages or an account of profits**, although it retains power to grant an injunction and order delivery up. The defence does not assist a defendant where patented products were marked so as to indicate they were patented and had been sold or used in Australia to a substantial extent before the relevant date.

s 123 – Innocent infringement

- (1) A court may refuse to award damages, or to make an order for an account of profits, in respect of an infringement if the defendant satisfies the court that, at the date of the infringement, the defendant was not aware, and had no reason to believe, that a patent for the invention existed.
- (2) If patented products, marked so as to indicate that they are patented in Australia, were sold or used in the patent area to a substantial extent before the date of the infringement, the defendant is taken to have been aware of the existence of the patent unless the contrary is established.
- (3) Nothing in this section affects a court's power to grant relief by way of an injunction.

Element (iii): knew or ought to have known

- The obligation does not require the recipient to have actually known of the limited purpose; it may arise where the recipient **ought to have known**. However, where the recipient **neither knew nor ought to have known** of the alleged limited purpose, it is difficult to see on what footing equity should intervene to bind their conscience: 95.
- On the facts, the Department did not know that the B1 data was furnished for a purpose excluding its use in evaluating generic applications. Over the entire period from 1975, the Department had practised use of innovator B1 data in evaluating generics without any awareness this might be wrongful: 91.
- The implicit common understanding was only that data would not be **disclosed to third parties** (particularly trade competitors); it did not extend to restricting the Department's **internal use** of the data: 91-92.
- SK&F itself had not, before 1987, directed its attention to the question of internal departmental use as distinct from disclosure to competitors: 92.
- When SK&F supplied further B1 data in September-October 1987 after the Secretary had declined to give the assurance it sought, it did so **at its own risk**: 91.
- Nor ought the Secretary to have had the relevant knowledge: one would be slow to attribute to a regulatory authority knowledge that a party dealing with it expected the authority to act in a manner inhibiting the exercise of its legal powers and obligations: 94.

Statutory functions and the content of any obligation

- A court of equity must have regard to the public interest when considering whether to bind a government officer by an obligation of confidence: 96-97, citing McHugh JA in *Attorney-General (UK) v Heinemann Publishers Australia Pty Ltd* (1987) 10 NSWLR 86 at 191.
- **Equity will not impose on a recipient of confidential information an obligation which would interfere with the proper exercise of their statutory functions**: 98-99.
- The Regulations required the Secretary to have regard to quality, safety, and efficacy of therapeutic substances; use of innovator B1 data in evaluating generic applications was an exercise of those functions, not their subversion: 99, 110.
- Accordingly, the question was not whether a "public interest" defence excused a breach, but whether any obligation of confidence arose in the first place with content sufficient to prohibit the use in question: 110.

Constitutional argument

- The s 51(xxxi) guarantee does not apply where, in response to a request by a government officer, proprietary information is **voluntarily** furnished by an applicant seeking a permission that would relax a prohibition otherwise imposed on them.
- The existence of a strong economic incentive to furnish the information does not render the receipt compulsory in the constitutional sense: 113-115, citing *British Medical Association v Commonwealth* (1949) 79 CLR 201 per Dixon J at 270-271.

PRINCIPLES

- *Four-element test:* An equitable obligation of confidence requires (i) specific identification of the information; (ii) its confidential quality; (iii) receipt in circumstances importing an obligation of confidence; and (iv) actual or threatened misuse: 87-88.
- *Knew or ought to have known:* The obligation may arise where the recipient ought to have known of the limited purpose of disclosure; but where the recipient neither knew nor ought to have known, equity will not intervene: 95.
- *Disclosor's unilateral intention insufficient:* The disclosing party's intention to limit the purpose of disclosure is not, of itself, sufficient to bind the conscience of the recipient; the circumstances must objectively import an obligation: 95.
- *Statutory functions limit the obligation:* Where a recipient is a government officer exercising statutory responsibilities, equity will not impose an obligation of confidence that would interfere with the proper exercise of those functions; the public interest served by those functions shapes the content of any obligation at inception: 96-99, 110.

IP: TRADEMARKS & PATENTS
LAWS3479
FINAL EXAM SCAFFOLDS
2026

THE DIRECTORY

The single most important instruction: patents are worked **per claim** and **per date**. Before you write a word, do two things for every patent on the page: split it into its separate claims, and find its filing or examination date so you know which regime applies. Everything downstream depends on these two moves. Module 0 does both moves and records them in the preliminary statement (0.7) before you open Module A.

THE FIVE TRAPS THAT LOSE MARKS

Read these before anything else. The directory is built to force you past them.

1. **Not dating the patent (the Raising the Bar trap).** The RTB Act applies to patents filed from **15 April 2013**, and to earlier-filed patents where examination was not requested until that date or later. The date silently changes four separate analyses: the **novelty** prior art base (it widened incrementally across the 1952 Act, the 1990 Act and the 2001 amendment), the **inventive step** base (pre-RTB kept the "ascertained, understood and regarded as relevant" filter on prior art and a geographical limit on CGK; RTB removed both), the **utility** threshold (s 7A only bites post-RTB), and **s 40 sufficiency and support** (post-RTB demands full-width enablement; pre-RTB one embodiment sufficed). State the date and the regime in your first sentence on each patent. Picking the wrong regime is a wrong answer, not a partial one. Module 0.2 is where you do this; the regime then sets B, C, D and F.
2. **Collapsing novelty (B) into inventive step (C).** These are different questions with different rules and different prior art bases. **Novelty** asks whether the exact claim was already disclosed, **one piece of prior art at a time**, with no mosaicking (s 7(1)(a)); the prior inventor must have "planted the flag at the precise destination" (*General Tire* at 486), with the precision of a sniper not a shotgun (*Apotex v Sanofi-Aventis* at [91]). **Inventive step** asks whether the claim was obvious to the uninventive skilled worker, and **permits limited combination** of prior art under s 7(3)(b). Two further discriminators: novelty has the **whole-of-contents head** (s 7(1)(c)) that inventive step lacks; and **"obvious to try" is not the inventive step test** (*Alphapharm* at [72]). Never run one as if it were the other.
3. **Not running each requirement per claim.** Manner of manufacture, novelty, inventive step, utility, secret use and the s 40 limbs are all assessed claim by claim, each against its own priority date. Several claims in one patent can route to different branches (one to A1 computer-implemented, another to A2 products of nature) and reach different results. Write a separate conclusion block for each claim in every module you open.
4. **Substance-versus-form confusion at the manner of manufacture threshold.** Manner of manufacture (A) is the **threshold** and is kept separate from novelty and inventive step: conventional hardware or known integers **do not defeat it** at this stage (*CCOM* p 295; *Advanced Building Systems* at [23]–[26]). Conversely, you assess the **substance** of the claim, not its drafting, so a product claim can in substance be information or a scheme (*D'Arcy* at [88]). Do not import a "this is all known" point into A; that belongs in B and C.
5. **Hindsight, most acute in combination claims.** For inventive step you assess the combination **as a whole**, not integer by integer (*Alphapharm* at [6], [65]); for novelty of a combination, every integer must be disclosed **in combination** in one source (*Meyers Taylor* at 235). "The opening of a safe is easy when the combination has been already provided" (*Minnesota Mining* at 293). Guard against assembling the invention with the benefit of having read the specification.

And the discipline underneath all five: once you open a module, run every limb, branch, exception and conclusion to the end. Do not stop at the first satisfied element.

STEP 1: List Every Patent, Split Every Claim, Date It, and Label What Is Asked

Write this skeleton in the margin before any analysis. This is the reading-time flag only; the detailed mechanics (the RTB test, each claim's priority date, the grace-period arithmetic) are worked in **Module 0** and written up there as the preliminary statement, so do not build them out here.

For each patent:

- Patent / claims: list the separate claims (claim 1, claim 2 ...).
- Regime flag: pre- or post-RTB (full test at Module 0.2).

- What is asked: validity (which grounds), ownership / entitlement, infringement, defences, remedies, or protection as confidential information.

Then label each issue against the table.

What the question looks like	Label	Module(s)
"Is claim X a manner of manufacture / patentable subject matter?" / software, gene, medical method, combination	PATENTABLE SUBJECT MATTER	A
"Is the invention new?" / a prior document or prior use is said to disclose it	NOVELTY	B
"Was it obvious?" / "did it involve an inventive step?"	INVENTIVE STEP	C
"Is it useful?" / the invention does not do what was promised / s 7A	UTILITY	D
"Was it used before the priority date?" / pre-filing commercial use by the patentee	SECRET USE	E
"Does the specification disclose / claim properly?" / sufficiency, best method, clarity, support	INTERNAL REQUIREMENTS (s 40)	F
"Has D infringed?" / D makes, sells, uses or imports something within the claims	INFRINGEMENT	G
"Can D rely on an exception?" / prior use, Bolar, experimental, Crown, repair	DEFENCES / EXCEPTIONS	H
"What relief?" / damages, account, injunction	REMEDIES	I
"Who owns / invented it?" / employee, academic, AI, co-owners	OWNERSHIP / ENTITLEMENT	J
"Is this protected without a patent?" / secret information used or disclosed; patent-versus-secrecy advice	CONFIDENTIAL INFORMATION	K

A single question usually carries several labels. "Advise whether the patent is valid and whether D has infringed" is VALIDITY (A–F) then INFRINGEMENT (G), with the infringement finding provisional on validity. "Advise the employer whether it owns the invention" is OWNERSHIP (J) alone. "The information was never patented and an ex-employee is using it" is CONFIDENTIAL INFORMATION (K), run independently of any patent analysis.

STEP 2: The Master Decision Tree

Run this in reading time for every patent. It fixes which modules are live and in what order.

Gateway: what is the question actually about?

There are four entry points. Most problems sit in one or two.

- **Validity in issue** (is the patent good?) → run the validity spine below.
- **Ownership / entitlement in issue** (who gets the grant, employee or academic or AI dispute) → Module J. Logically anterior to validity, but by s 22A a wrong grant does not itself invalidate.
- **Infringement alleged** (D has done something within the claims) → Module G, then the validity counterclaim (A–F), then H defences, then I remedies.
- **No patent, or alternative protection** (secret information, or advice on patent versus secrecy) → Module K, run on its own track.

The validity spine (run order, opening only what the facts engage)

This is the analytical spine. **A is the threshold**: do not reach B–F on a claim until A is satisfied for that claim.

1. **Module 0: foundations and threshold mechanics.** Split the claims, date the patent, fix each claim's priority date, characterise it, do the grace-period arithmetic. Always run first; it sets the variables for everything below.
2. **Module A: manner of manufacture.** Threshold subject-matter question. Gateway to everything else.
3. **Module B: novelty.** One piece of prior art at a time. No mosaicking.
4. **Module C: inventive step.** Obviousness; limited combination permitted under s 7(3)(b).
5. **Module D: utility.** Does it attain the promised result; post-RTB also s 7A.
6. **Module E: secret use.** Pre-priority commercial use by the patentee.

7. **Module F: internal requirements (s 40).** The specification's own content: sufficiency, best method, clarity, support.

Then, where relevant, **Module J (ownership)**, and if a dispute exists, infringement (G) → defences (H) → remedies (I).
Run order versus the typical infringement problem

In a problem where the patentee sues and the defendant counterclaims, the natural order is:
1. **Infringement (G):** does D's conduct fall within the claims on a purposive construction? (Provisional only.)
2. **Validity (A–F):** is the claim D is said to infringe actually valid? A defendant almost always counterclaims for revocation (s 121) or relies on s 138 grounds. Run the spine.
3. **Defences / exceptions (H):** even if valid and infringed, does an exception apply?
4. **Remedies (I):** if liability stands, what relief, and does s 123 innocent infringement limit it?

Open only the modules the facts engage. Most problems run the validity spine, or infringement-plus-validity, or ownership alone, or confidential information alone. Rarely all of them.

Routing within the gateway

The matter is about...	Open	In order
Foundations for any patent (claims, date, priority, characterisation)	Module 0	0 first, before A
Whether a claim is patentable subject matter	Module A (A0 routes by claim type)	A
A full validity attack	Modules A → B → C → D → E → F, per claim	A first, then the spine
Who owns or invented it	Module J (J0 routes by dispute type)	J
D's conduct within the claims	Module G, then A–F validity counterclaim	G then A–F
An exception to established infringement	Module H (H0 routes by exception)	H
Relief after infringement	Module I	I
Secret information or patent-versus-secrecy advice	Module K (K0 frames the four elements)	K

Overlays (run alongside the substantive analysis)

- **The RTB regime date.** Fix it once at Module 0 and carry it through B, C, D and F. The same date does work in four modules.
- **The grace period (s 24(1), regs 2.2–2.2D).** A pre-priority disclosure traceable to the patentee can be disregarded for both novelty (B0) and inventive step (C0). Save the analysis once and cross-reference.
- **The validity-versus-infringement link.** An infringement finding (G) is provisional on the validity challenge (A–F). Do not present infringement as settled before you have run the revocation case.
- **The same date and same threshold across modules.** Manner of manufacture (A) is the gate for the whole spine; reach B–F only once A is cleared on that claim.

STEP 3: Within-Module Routing

For each live module, this fixes the sub-module, the write-order and the trap. Every module ends with a **per-claim conclusion block** (A6, B6, C8, D4, E3, F5, G7, H8, I4, J6, K8). Always write it.

MODULE 0: FOUNDATIONS AND THRESHOLD MECHANICS

Run before Module A on every patent. Fix 0.1 to 0.6 in the margin, then write the 0.7 preliminary statement and open Module A. You do not write 0.1 to 0.6 out as prose; the preliminary statement is the only thing you transcribe.

0.1 Claims. List them separately. Each is worked on its own, and claims are usually progressively narrower, so a narrow claim can survive a broad one failing.

Facts say...	Sub-module
Prior art discloses only a general class	B5 selection (Apotex v Sanofi at [91])
Challenger pads a document with CGK	B5 (AstraZeneca (2014) at [352])
An integer's presence disputed on the evidence	B5 onus (Reflex Instruments [113], [121]–[127])
INVENTIVE STEP (C)	
Fix base, regime, three-step structure	C0 (s 7(2)–(3); General Tire 497; Cargill [680])
Identify the skilled worker or notional team	C1 (Cargill [221]–[224]; Ranbaxy [63], [83]–[86])
Field pitched too broadly	C1 (Ranbaxy at [86])
What is / is not common general knowledge	C2 (Minnesota Mining 292; British Acoustic Films; Cargill [685]–[689])
Texts the skilled person habitually consults	C2 (Ranbaxy at [70])
Would the PSA be led directly as a matter of course	C3 (Wellcome Foundation 286; Alphapharm [53], [58]; AstraZeneca (2015) [15])
Challenger frames it as "worthwhile to try"	C3 (Alphapharm at [72]–[76], rejected)
US "obvious to try" comparison	C3 comparative (KSR; no analogue in Australia)
Problem-and-solution; starting point read from the specification	C4 (AstraZeneca (2014) [202]–[203]; Cargill [689])
Combination assessed as a whole; documents combined	C5 (Alphapharm [6], [65], [72]; Minnesota Mining 292–3; s 7(3)(b))
Inventiveness in perceiving the problem	C6 (Wellcome Foundation 280–281; Lockwood (No 2) [59]–[60]; Reflex [147]–[150])
Challenger's expert given a directed design task	C6 (Reflex Instruments at [145])
Prior art documents relied on; multiple routes	C7 (AstraZeneca (2015) [21], [113]–[116], [120])
Close case: long-felt need, failure of others, commercial success	C7 secondary indicators
UTILITY (D)	
Frame, fix the regime	D0 (s 18(1)(c), s 7A, s 45)
Does following the directions produce the promised result	D1 (Lane-Fox; Rescare 143; Cargill [820]–[822])
Advantage not achieved in every case	D1 partial failure (Rescare 142–143; Cargill [824])
Claim omits an integer the reader would supply	D1 expedients (Rescare 143; Inverness Medical [117]–[118], [129])
Multi-element promise, one element unmet	D2 (Alsop's Patent 753; ESCO [283]–[298], [304])
Post-RTB: specific, substantial, credible use	D3 (s 7A; In re Fisher 1371)
Claimed thing only enables further research	D3 research intermediate (In re Fisher 1373, 1376)
SECRET USE (E)	
Frame the requirement and rationale	E0 (s 18(1)(d), s 9; Azuko [105], [180])
Only manufacture for future sale, no sale	E1 no use, majority (Azuko at [183])
Actual commercial dealing / exercise of a patent right	E1 use (Azuko at [144], [181])
Patentee relies on trial / experiment	E2 (s 9(a); Azuko [147]–[148])
Patentee relies on confidential disclosure	E2 (s 9(b); Azuko [149])
Non-commercial, governmental, or saved by filing	E2 (s 9(c)–(e))
INTERNAL REQUIREMENTS (F)	
Fix regime, identify limbs in issue	F0 (s 40; Lockwood (No 1) [46]–[48])
Spec enables performance across the claims	F1 (Kimberly-Clark [16]–[31]; Jusand [160], [163]; No-Fume)

MODULE A — MANNER OF MANUFACTURE (s 18(1)(a))

When to open: any claim whose patentable subject matter is in issue. Run it per claim. It is the threshold requirement, so novelty, inventive step and utility are not reached until it is met (opposition: s 59(b); revocation: s 138(3)(b); refusal: s 50).

Master sequence:

1. A0 — frame the requirement and characterise each claim (always).
2. Then open only the branch the claim engages: A1 computer-implemented; A2 discoveries and products of nature; A3 methods of medical treatment; A4 combination and new use.
3. A5 — excluded subject matter (s 18(2), s 18(3), s 50), if engaged.
4. A6 — conclusion on each claim (always).

The discipline:

1. Do not argue whether the claim is a "kind" of manufacture as a question of words; ask whether it is a proper subject of letters patent under s 6 of the Statute of Monopolies (*NRDC* p 269).
2. Assess the substance of the claim, not its drafting; a product claim can in substance be information or a scheme (*D'Arcy* at [88]).
3. Manner of manufacture is separate from novelty and inventive step; conventional hardware or known integers do not defeat it at this threshold (*CCOM* p 295; *Advanced Building Systems* at [23]–[26]).

A0 — Framework and routing

WRITE: ALWAYS (in every manner-of-manufacture question).
Run first, before novelty, inventive step and utility are reached.
How to use: write the framing, then characterise each claim and route it to one branch. Several claims may route differently.

Dispatch — write instead of the full module if this requirement is plainly satisfied and not in issue.

Here, claim [x] is a manner of manufacture under s 18(1)(a): it produces an artificially created state of affairs of economic significance (*NRDC* at 277), and its substance is not a mere discovery, scheme or product of nature, so manner of manufacture is not in issue and the live questions are novelty, inventive step and utility.

Rule — write always.

Under s 18(1)(a) the invention must be a manner of manufacture under s 6 of the *Statute of Monopolies*. The *NRDC* test looks to the substance of the claim, not its form, and asks whether it is "a proper subject of letters patent" under s 6 (at 269): does it produce an "artificially created state of affairs" whose value lies "in the field of economic endeavour" (at 277, 275). Where the claim extends the concept into a new field that is necessary but not sufficient, and the further *D'Arcy* factors arise (at [28]).

Characterise each claim and route it:

- **Product of natural origin** — a claim to genetic material, an isolated or purified natural substance, or a product defined by a naturally occurring feature or correlation: go to A2.
- **Method of medical treatment** — a method of treating, preventing or diagnosing a condition in the human body: go to A3.
- **Computer or scheme** — software, a business method, a scheme run on a computer, a game, or a device that is in substance a computer: go to A1.
- **Combination or new use** — known integers combined, or a new use of a known thing: go to A4.
- **Touches human beings or unlawful use** — embryos, cloning, the generation of a human being, or a use contrary to law: go to A5.

A1 — Computer-implemented inventions

MODULE B — NOVELTY (s 18(1)(b)(i), s 7(1), Sch 1)

When to open: any claim whose novelty is genuinely in issue, once manner of manufacture is cleared. Run it **per claim**, each against its own priority date. Novelty asks one question, one piece of prior art at a time: has this exact claim already been disclosed. Keep it rigidly separate from inventive step (novelty forbids mosaicking; inventive step permits limited combination under s 7(3)(b)). **Post-Raising the Bar is the default**; flag the old regime only where an older patent or an essay point needs it. Ground of revocation (s 138(3)(b)) and opposition (s 59(b)).

Master sequence:

1. **B0** — frame the requirement, fix the prior art base and priority date, characterise each claim.
2. **B1** — sufficiency of disclosure, the anterior threshold.
3. **B2** — reverse infringement, the final resolving step.
4. **B3** — no need for further experimentation; the enabling-disclosure construction point.
5. **B4** — combination patents, the mosaic rule, the narrow cross-reference exception.
6. **B5** — special situations: ranges, inherent disclosure and inevitable result, chemical or enantiomer selection, the bar on supplementing with CGK, onus and integer analysis.
7. **B6** — conclusion on each claim.

The discipline:

1. Consider each piece of prior art **separately**; never mosaic documents to make out anticipation (s 7(1)(a); *Minnesota Mining* at 292–3).
2. Anticipation needs **the accuracy of a sniper, not the firing of a shotgun** (*Apotex v Sanofi-Aventis* at [91]); a signpost on the road is not enough, the prior inventor must have **planted the flag at the precise destination** (*General Tire* at 486).
3. Sufficiency of disclosure is the threshold; reverse infringement is the resolving step, **not the first step nor the only step** (*AstraZeneca* (2014) at [302]).
4. CGK construes a prior document but cannot **supplement** it into a disclosure it does not itself make (*AstraZeneca* (2014) at [352]).

B0 — Framework and routing

WRITE: ALWAYS (whenever novelty is live on any claim).

Run first, once manner of manufacture is satisfied.

How to use: write the framing, fix the prior art base and priority date, then characterise each claim and route it. Several claims may route differently; each takes its own priority date. A claim whose novelty is conceded is dispatched here in a line and not run through B1–B5.

Dispatch — write instead of the full module if this requirement is plainly satisfied and not in issue.

Here, claim [x] is novel under s 18(1)(b)(i): no single piece of prior art discloses every integer of the claim or gives clear and unmistakeable directions to it, so the prior inventor has not planted the flag at the precise destination (*General Tire* at 486), and novelty is not in issue.

Rule — write always.

Under s 18(1)(b)(i) the claim must be novel against the prior art base as it stood before its priority date. By s 7(1) prior art information is considered under three separate heads, each on its own: a single document or act, two or more related documents a skilled reader would treat as one source, or an earlier-filed but later-published specification under the whole-of-contents head (s 7(1)(a)–(c)). The base is global, catching information made publicly available "whether in or out of the patent area" (Sch 1), and is broader than for inventive step because of head (c). The question is resolved by applying three tests together: sufficiency of disclosure, reverse infringement, and no need for further experimentation (*AstraZeneca* (2014) at [301]–[302]).

Priority date and regime — write always.

Anticipation is tested as the mirror of infringement, by asking whether the prior art would, if the patent were valid, infringe it (*Meyers Taylor* at 235). It is the resolving step and carries the same all-integers logic, so every essential feature of the claim must be found in the prior art. A linked formulation is the inevitable result test, under which the prior directions anticipate only if carrying them out would inevitably produce something within the claim (*General Tire* at 486).

Anticipated — write if carrying out the prior art would infringe.

Here, performing [prior art] would necessarily do every integer of claim [x], so it would infringe if the patent were valid and the claim is anticipated.

Not anticipated — write if an integer is missing or the result is not inevitable.

Here, [prior art] omits [the missing integer] / could as readily be performed in a way that falls outside claim [x], so performing it would not inevitably infringe and novelty stands.

B3 — No need for further experimentation

WRITE: IF TRIGGERED — only if the prior disclosure is incomplete, or the claim is to an isolated or selected thing disclosed only generally in the prior art (eg an enantiomer disclosed only as part of a racemate).

Run alongside B1–B2.

How to use: write the rule always when triggered; then write the matching branch, and add the construction point where the claim's scope is the real battleground.

Rule — write always when triggered.

A prior publication anticipates only if the skilled person could at once perceive, understand and practically apply the invention without further experiment; if something remains to be worked out, there is room for a valid patent (*Hill v Evans* at 1199). The experiments that disqualify are those aimed at discovering something the prior art does not disclose, not the ordinary trial and error that involves no inventive ingenuity (*Lundbeck* at [183]).

Insufficient enabling disclosure — write if the prior art leaves work to be done.

Here, [prior art] would require the skilled addressee to [conduct research, select among unspecified methods, ascertain a property obtainable only after isolation] before reaching [the claim], which is further experiment of the disclosing kind, so it does not anticipate (*Lundbeck* at [205]–[209]).

Construction point — write where the claim is to an isolated or selected substance and scope is contestable.

Here, whether [prior art, eg a racemate] anticipates turns on construing claim [x]: if it claims **[the substance wherever it exists]**, the prior disclosure containing it anticipates because novelty must lie in the product not the means of producing it (cf *Lundbeck* per Emmett J at [69], [73]); but if it claims **[the isolated or separated form]**, the racemate does not anticipate absent clear and unmistakeable directions to obtain it (*Lundbeck* majority at [193]–[194]). Teaching away in the prior art goes to obviousness, not novelty.

B4 — Combination patents, the mosaic rule and cross-references

WRITE: IF TRIGGERED — only if the claim is a combination of integers, or the challenger reads two or more documents together.

Run alongside B1–B3.

How to use: write both rules when triggered; then write the mosaic branch, and the cross-reference branch only if the challenger relies on a citation between documents.

MODULE F — INTERNAL REQUIREMENTS (s 40)

When to open: any claim where the **content of the specification itself** is in issue, as distinct from the state of outside knowledge (which is novelty and inventive step). Run it **per claim** where the attack is claim-specific. The internal requirements enforce the quid pro quo: in return for the monopoly, the patentee must disclose the invention, claim it clearly, and claim no more than it has disclosed. **Post-Raising the Bar is the default**; pre-RTB patents are tested on the old s 40, so both regimes run concurrently. Ground of refusal (s 45) and revocation (s 138(3)(f)).

Master sequence:

1. **F0** — frame s 40, fix the regime, identify which limbs are in issue.
2. **F1** — sufficiency of disclosure, s 40(2)(a).
3. **F2** — best method, s 40(2)(aa).
4. **F3** — clarity and succinctness, s 40(3) first limb.
5. **F4** — support / fair basis, s 40(3) second limb.
6. **F5** — conclusion on each limb in issue.

The discipline:

1. The internal requirements are **conceptually distinct** from each other and from s 18 grounds; keep them separate (*Lockwood (No 1)* at [46]–[48]).
2. "Invention" across s 40 means **the embodiment described and around which the claims are drawn**, not inventive step, merit, or contribution to the art (*Kimberly-Clark* at [21]; *Lockwood (No 1)* at [53]).
3. The specification is read **as a whole** and through the **skilled addressee acquainted with the CGK** at the priority date, not a reader ignorant of the art (*Kimberly-Clark* at [24], [31]).
4. Post-RTB, sufficiency and support both demand **enablement across the full width of the claims**; the pre-RTB "one embodiment is enough" approach is reversed (*Jusand* at [160], [163]).
5. **Best method** is a separate obligation; satisfying sufficiency does not satisfy it (*Apotex v Servier* at [184]).

F0 — Framework and routing

WRITE: ALWAYS (whenever any internal requirement is live).

Run first; write only the limbs genuinely in issue and dispatch the rest in a line.

How to use: write the framing, fix the regime, then open only the triggered sub-modules.

Dispatch — write instead of the full module if this requirement is plainly satisfied and not in issue.

Here, the specification satisfies s 40: it discloses and enables the invention across the full width of the claims (s 40(2)(a)), discloses the best method known (s 40(2)(aa)), and the claims are clear, succinct and supported (s 40(3)), so the internal requirements are not in issue.

Rule — write always.

Section 40 imposes the internal requirements. Post-RTB, a complete specification must: **disclose the invention clearly enough and completely enough** for it to be performed by a person skilled in the art (s 40(2)(a)); disclose the **best method** known to the applicant (s 40(2)(aa)); end with claims **clear and succinct and supported by** matter disclosed (s 40(3)); and relate to one invention (s 40(4)). Pre-RTB, the equivalents were to **describe the invention fully** including best method (s 40(2)(a)), and claims **clear and succinct and fairly based** (s 40(3)). The reforms made sufficiency more stringent and replaced "fairly based" with "supported by" to align with the UK and Europe (TRIPS art 29; EM pp 46–49). They are "internal" because they look inward at the specification.

Regime — write always.

Here, [the patent], filed [on or after / before 15 April 2013], is tested under the **[post-RTB s 40, requiring full-width enablement and support / pre-RTB s 40, requiring full description and fair basis]**.

WRITE: IF TRIGGERED — only if the invention is used on or in a foreign vessel, aircraft or vehicle entering the patent area.

Run alongside H0.

How to use: write the rule when triggered, then apply.

Rule — write when triggered.

By **s 118**, the patentee's rights are not infringed by using the invention **on board a foreign vessel** (in its body, machinery, tackle, apparatus or accessories) where the vessel comes into the patent area **only temporarily or accidentally** and the invention is used **exclusively for the needs of the vessel** (a); or by using it in the construction or working of a **foreign aircraft or land vehicle**, or its accessories, where it comes into the patent area only temporarily or accidentally (b).

Exemption made out — write if the statutory conditions are met.

Here, the invention was used [on (the foreign vessel) exclusively for its needs / in the working of (the foreign aircraft or vehicle)], which entered the patent area only temporarily or accidentally, so s 118 exempts the use.

H2 — Prior use (s 119)

WRITE: IF TRIGGERED — only if the defendant was exploiting, or had taken definite steps to exploit, the invention in the patent area immediately before the priority date.

Run alongside H0.

How to use: write the rule when triggered, then the matching branch.

Rule — write when triggered.

By s 119(1) a person may continue to exploit the invention without infringing if, immediately before the priority date, they were exploiting it in the patent area or had taken definite steps to do so. The exemption is lost if they had stopped or abandoned that activity before the priority date (s 119(2)), and it does not extend to anything derived from the patentee outside a consented grace-period disclosure (s 119(3)).

Prior use made out — write if exploitation or definite steps existed and continued.

Here, immediately before the priority date [the defendant] was [exploiting / had taken definite steps to exploit] [the invention] in the patent area, and had not stopped or abandoned that activity, so s 119 exempts its continued exploitation.

Prior use defeated — write if the activity ceased or was derived from the patentee.

Here, the exemption fails because [the defendant] had [stopped exploiting / abandoned the steps] before the priority date (s 119(2)) [or: derived the invention from the patentee otherwise than through a consented grace-period disclosure (s 119(3))].

H3 — Regulatory approval: pharmaceuticals (the Bolar exception, s 119A)

WRITE: IF TRIGGERED — only if the defendant exploited a pharmaceutical patent for the purpose of obtaining marketing approval.

Run alongside H0.

How to use: write the rule when triggered, then apply, watching the export limit.

MODULE K — CONFIDENTIAL INFORMATION AND TRADE SECRETS

When to open: any allegation that a person has used or disclosed information given or acquired in confidence, or any question whether information is better protected by patent or by secrecy. Run it **per item of information**. The action is equitable and sui generis, not a property right, so it runs independently of any patent analysis and can protect what the statutory regimes cannot.

Master sequence:

1. K0 — frame the action, the four-element test and the choice of protection, route (always).
2. Then run the elements in order: K1 specificity; K2 quality of confidence; K3 obligation of confidence; K4 unauthorised use and detriment.
3. K5 — employment overlay, if the dealing is employer–employee.
4. K6 — defences, if raised.
5. K7 — international and comparative regimes (essay only).
6. K8 — conclusion on each item.

The discipline:

1. The action is **equitable and sui generis**; Australia recognises no general tort of unfair competition (*Moorgate Tobacco*), and **lawful acquisition** (independent discovery, accidental disclosure, reverse engineering) is never a breach.
2. Run **all four elements**: specificity, quality of confidence, obligation, unauthorised use; the discloser's **unilateral intention** does not bind the recipient, the test for the obligation being **objective** (*Coco* at 420).
3. Secrecy need only be **relative**; information assembled from public materials can still be confidential if it is the product of the maker's own skill, and a **springboard** advantage may endure after some features become public (*Saltman* at 215; *Ansell Rubber* at 44–45).
4. In employment, the decisive line is **objective knowledge** (the employer's trade secret, not takeable) versus **subjective knowledge** (the employee's own skill and experience, theirs to use) (*Ansell Rubber* at 47).
5. **Detriment is not strictly required**; equity acts to uphold the obligation itself (*Coco* at 421; *Smith Kline* at 111–112).

K0 — Framework and routing

WRITE: ALWAYS (in every confidence question).

Run first, independently of any patent analysis.

How to use: write the framing and the four-element test. Then work the elements strictly **in order, K1 to K4**: each must be satisfied and the action fails if any one fails. Add **K5** if the parties are employer and employee, **K6** if a defence is raised, and the scope or choice-of-protection branches only where the nature of the information, or the patent-versus-secrecy decision, is in issue.

Dispatch — write instead of the full module if breach of confidence is plainly resolved on the facts.

Here, [the information] [is / is not] actionable as confidential information: [eg it is public property and public knowledge so lacks the quality of confidence (*Saltman* at 215) / it was lawfully acquired by reverse engineering, which is not a breach], so the action [fails at the threshold / is not in issue].

Rule — write always.

Breach of confidence is an **equitable, sui generis action**, not a property right: protection turns not on statute but on the precept that a person ought to keep a secret they have undertaken to keep. To make out a breach the plaintiff must establish **four elements**: the information is identified with **specificity** (K1); it has the necessary **quality of confidence** (K2); it was received in circumstances importing an **obligation of confidence** (K3); and there is an actual or threatened **unauthorised use** of it (K4) (*Saltman*; *Coco* at 419–420; *Smith Kline* at 87–88).

The test is objective: an obligation arises where a reasonable person in the recipient's shoes would have realised the information was given in confidence (*Coco* at 420), the discloser's unilateral intention not being enough (*Smith Kline* at 95). It arises independently of contract: where information is given for a limited purpose and the recipient knows it belongs to another and was given for that purpose only, conscience binds them not to use it beyond that purpose (*Saltman* at 211, 213). Where commercially valuable information is given on a business-like basis for a common object, the recipient carries a heavy burden in denying an obligation.

Obligation arises — write if the circumstances objectively import confidence.

Here, a reasonable person in [the recipient's] position would have realised [the information] was given in confidence, because [it was supplied for the limited purpose of (X) / on a business-like basis for a common object], so the obligation arises independently of any contract (*Coco* at 420; *Saltman* at 213).

No obligation, unilateral intention only — write if only the discloser intended confidence.

Here, [the discloser]'s intention to confine the purpose was not communicated and the circumstances did not objectively import an obligation, so the recipient's conscience is not bound (*Smith Kline* at 95).

Statutory-functions limit — write if the recipient is a government officer exercising statutory powers.

Here, [the recipient] is a government officer, and equity will not impose an obligation that would **interfere with the proper exercise of statutory functions**; the real question is whether any obligation with content sufficient to prohibit the use arose at all, and [where the use was an exercise of those functions:] the recipient neither knew nor ought to have known of the alleged limited purpose, so no such obligation arose (*Smith Kline* at 95, 96–99, 110).

Constitutional note — write only for an essay.

Voluntarily furnishing proprietary information to a regulator in exchange for a permission that relaxes a prohibition is not an acquisition of property under s 51(xxxi), even where there is strong economic incentive to disclose (*Smith Kline* at 113–115).

K4 — Unauthorised use and detriment

WRITE: IF TRIGGERED — whenever use or threatened use is in issue.

Run after K3.
How to use: write the rule, then the matching branch.

Rule — write always.

The plaintiff must show an actual or threatened **unauthorised use** without consent. The core test: a defendant who uses confidential information obtained directly or indirectly from the plaintiff, without the plaintiff's express or implied consent, infringes the plaintiff's rights (*Saltman* at 213). Whether **detriment** is strictly required was left open: Megarry J contemplated equity's aid even absent anything fairly called detriment (*Coco* at 421), the basis of intervention being to uphold the obligation itself rather than merely to prevent loss (*Smith Kline* at 111–112). In practice loss of exclusivity, custom or competitive advantage suffices.

Unauthorised use — write if the information was used or disclosed without consent.

Here, [the defendant] used [the information] without [the plaintiff's] consent [to manufacture / to compete], infringing the plaintiff's rights, and the resulting [loss of exclusivity / exposure to competition] is detriment enough (*Saltman* at 213).

Detriment not essential — write if loss is hard to identify but the obligation is engaged.

Here, even if [the plaintiff] suffers nothing fairly called detriment, equity may still act to uphold the obligation of confidence itself (*Coco* at 421; *Smith Kline* at 111–112).