

crackdown on price fixing cartels

GRIFFITH HACK RECENTLY REPRESENTED TWO PARTIES IN A PRICE FIXING CASE IN THE FEDERAL COURT BROUGHT BY THE ACCC. THE ACCC ALLEGED THAT EIGHT CORPORATE ENTITIES IN THE PETROL INDUSTRY AND THE STAFF MEMBER RESPONSIBLE FOR THE SETTING OF PRICES WITHIN EACH OF THESE ENTITIES HAD FIXED THE RETAIL PRICE OF PETROL IN THE BALLARAT AREA IN VICTORIA.

In December 2004, Justice Merkel handed down his factual finding that all the parties who defended the allegations had contravened the price fixing provisions of the Trade Practices Act. The judge found that making and receiving calls from competitors about the fact that board prices at various petrol stations had increased, amounted to a contravention.

These findings have arguably lifted the bar as to what amounts to price fixing.

The Treasurer Peter Costello announced on 2 February 2005 that in a crackdown against cartel conduct, the Trade Practices Act would be amended to make cartel conduct (such as bid rigging, market sharing, price fixing or a boycott against another business) a criminal offence.

Jail terms of up to 5 years and fines of up to AU\$220,000 will be introduced for senior executives and employees involved in the illegal conduct.

In addition, companies will face fines of a minimum of AU\$10 million, or three times the value of the benefit of the cartel, or 10% of annual turnover, whichever is the greatest. At the same time, the ACCC is working to improve its immunity program for whistleblowers.

These developments send a strong warning to all people in business of the need to actively implement a trade practices compliance programme, enforce such programmes and regularly update staff on trade practices issues.

Proof of the implementation and enforcement of a compliance programme goes a long way in assisting a firm that is charged with cartel behaviour.

Griffith Hack has experience in and is able to assist firms by:

- providing their experience in trade practices compliance training to management and staff tailored to the particular business sector in which the firm operates; and
- in consultation with the firm, using their experience to develop a trade practices compliance manual for the firm's workplace.
- bringing their experience to the table in order to assist in any investigation or proceedings carried out or instituted by the ACCC.

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THE INNOVATION PATENT IS FOUR YEARS OLD IN 2005

WHEN THE AUSTRALIAN INNOVATION PATENT SYSTEM CAME INTO FORCE ON 24 MAY 2001, THE PATENT COMMUNITY, AT LARGE, SCOFFED. PATENT ATTORNEYS RIDICULED IT, WITH SOME HIGHLIGHTING ITS APPARENT ABSURDITY BY SUCCESSFULLY OBTAINING A GRANTED PATENT FOR 'A WHEEL'. BUT SINCE THEN THE JIBES HAVE MODERATED AND FORMER CRITICS OF THE INNOVATION PATENT HAVE QUIETLY BECOME REGULAR USERS OF THE SYSTEM.

The Government's intention in introducing the innovation patent system was to provide a simple and economical means of patent protection specifically directed to small to medium businesses. At this stage it is difficult to assess whether they are fully benefiting from the system, although some have certainly used it to good effect.

One result of the Government's economic review was the elimination from the innovation patent system of the costly step of examination before grant (as with standard patents). Innovation patent applications only undergo a formalities check before they are granted, usually within 2 months from filing. Thus, the only costs involved in obtaining a granted innovation patent are the patent attorney's fees in preparing and filing the specification and the office fee. This is now significantly less than the cost of obtaining a granted standard patent, which must undergo examination before grant and may take 2-3 years to issue.

Another significant change from the standard patent was a drop in the inventive threshold requirement. Innovation patents only require an "innovative step", compared to the "inventive step" requirement for standard patents. The subtleties between "innovative step" and "inventive step" have yet to be fully tested in the Courts, but the Patents Act defines an invention as having an innovative step unless it varies in ways that would make no substantial contribution to the working of the invention. This is intended to be a much smaller step than an "inventive step".

This begs the question: if the step for obtaining an innovation patent is smaller than that for obtaining a standard patent, then would not an innovation patent be stronger by virtue of it being more difficult to prove lack of an innovative step than lack of an inventive step? The innovation patent's lower inventive threshold test has inadvertently made it a strong patent. Some patent attorneys are only now starting to appreciate this.

Aside from the ease in obtaining an innovation patent, there are other quaint aspects of the system that have certain advantages. 'Certification' after grant, which involves the process of examination, is not compulsory and only needs to be requested when the patentee needs to enforce the patent (or is forced to certify the patent by a third party). This can be of enormous benefit to the patentee.

Accordingly, an innovation patent can lay dormant until infringement, at which time the claims can be amended with one eye on the infringing act.

Innovation patents are required to only have five claims, drawn to any patentable subject matter, and all five claims may be independent claims. In practice innovation patents will be granted if there are more than five claims. Additionally, claims to multiple inventions will also be granted, while only paying the cost of a single patent. It is only at the certification stage that the claims must be pruned back to no more than five and directed to one invention only. Claims to any remaining inventions can be deleted or made the subject of divisional applications for further innovation patents.

To take quick action against an infringer, a divisional application for an innovation patent can be filed whilst a standard patent is pending (eg. awaiting examination). The innovation patent can then be drafted with claims targeted to the infringer, be rapidly certified and be quickly enforced against the infringer.

The main drawback of an innovation patent is that it only has a maximum term of 8 years. However if an applicant is happy with an 8 year monopoly, the applicant can be confident of the protection afforded by an innovation patent. Alternatively, an applicant may choose to seek a standard patent of 20 year term as well as retaining an innovation patent, provided there is no double patenting.

It has taken several years for the patent community to realise the strengths of the previously undervalued innovation patent. While users of Australia's patent system are still reticent to take the innovation patent route in preference to a standard patent, it is likely that usage of innovation patents will only become more prevalent. The innovation patent is now a serious partner and alternative to the standard patent in Australia.

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THE NEW AUSTRALIAN DESIGNS LAW – IS IT ALL THAT IT'S CRACKED UP TO BE?

The new Australian Design Act 2003 came into force on the 17th June 2004. The Australian Government suggested that 'the new law' would offer IP owners a more streamlined registration system for designs, better enforcement and dispute resolution processes, stricter eligibility and infringement tests and clearer definitions. Some of these promises will obviously have to await testing in the courts.

The new designs legislation was put in place because the Australian Government was concerned that the old law permitted design registrations to be easily circumvented. A major aim of the new law was to give innovative design stronger protection from imitation.

But is this new law all it's cracked up to be?

For example, a design must now be both new and distinctive if its registration is to be valid and hence enforceable. A design is considered new if it hasn't previously been published anywhere in the world and is considered distinctive if it is not substantially similar in overall impression to other existing designs. This is now a higher threshold than the old law.

Thus the new law now travels beyond Australian borders, with the validity of designs to be tested against other designs published anywhere in the world.

What does the new law give in return? When determining if an imitation infringes a registered design, the new law applies the same test for distinctiveness in reverse – an imitation is one that is substantially similar in overall impression to the registered design. This widens the infringement net compared with the old law, which required that an infringer produce almost an exact copy, but now a designer can only get the benefit of the stronger protection if their new design is itself distinctive and hence registrable.

At least the new law has improved the infringement test. When making the comparison between an imitation and the registered design, more weight is to be given to similarities than to differences. For example if a registered design has a striking visual feature and a third party copies that feature, but changes other features in an attempt to avoid infringement, then that third party should still infringe under the new law. Hopefully this improved infringement test will be implemented by the courts.

Though introducing stronger protection, the new law has reduced the term of protection from 16 to 10 years, despite this differing from that provided in all other major countries and despite the increased threshold distinctiveness test.

As yet the promise of a streamlined registration process is not being realised. The new law was intended to allow IP owners to file an application with one design, or a single design that relates to many products, or to multiple designs within the same class of products. This was to eliminate the unsatisfactory possibility under the old law that even minor alterations were held to be a new design.

In practice, whilst multiple designs can be filed in a single application, the Australian Designs Office charges the same fee for each design in the application and allocates a separate design number to each design. For an owner there is thus no administrative simplification and certainly no cost reduction.

The registration process has now become more streamlined in that the previous practice of examination prior to registration has now been eliminated. However, now that there is no pre-registration examination, an owner of a registered design has no certainty of the registration's validity. In addition, to enforce the registration, the owner must now request examination after registration. This post-registration examination, or 'certification', introduces further fees and delay.

Government fees have increased for both registration and examination. Under the old law a single combined fee of \$AU90 was charged for examination and registration. Now separate fees apply, with a \$AU200 registration fee for each design and an additional charge of \$AU360 for examination of each design! It remains to be seen whether the new examination procedure will be any more comprehensive than before.

Another surprising development is that powerful protection of spare parts has now been substantially watered down. The new law has introduced a 'right of repair' defence which in most if not all cases will render registrations of spare parts unenforceable. It can only be assumed that this is an attempt to stop global competitors monopolizing the trade of spare parts for complex products such as cars, and to encourage the production of cheaper parts (eg. Australian made). It has been argued that this in fact could reduce the quality of spare parts but proponents of the new law then argue that the consumer will ultimately decide such issues.

In summary, the new law purports to provide easier and more effective ways of protecting industrial designs.

It has been hailed as "a new Designs Act for a new era." Nevertheless, with the higher threshold for enforceability, manufacturers and designers may in fact be getting effectively the same protection with a shorter term, and be paying more for it, with no certainty once registration has been obtained. It is hoped that the stricter infringement test, if applied by the courts, will offer some compensation.

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GRIFFITH HACK IS PLEASED TO WELCOME AMANDA STARK AS A NEW PARTNER OF THE FIRM



As a qualified UK and European patent attorney and a patent specialist in the field of Biotechnology, Amanda has more than a decade of international experience both assisting overseas clients and advising Australian clients seeking foreign protection.

She has considerable expertise in the transfer of IP, having organised the transfer of substantial patent portfolios on the merger of two of Europe's largest pharmaceutical companies. Her clients include start-up companies, universities and multi-national corporations, both in Australia and overseas, for whom she handles drafting and prosecution of patent applications, advising on freedom to use and infringement matters.

CONGRATULATIONS TO OUR THREE NEW ASSOCIATES

WELL DONE TO OUR NEWLY QUALIFIED PATENT ATTORNEYS



In the Sydney office Joe Seisdedos is a registered patent attorney and established member of the IT group at Griffith Hack, working with clients in software, web technologies, database systems and associated electronic, electrical and mechanical inventions.

Joe's research background also gives him in-depth working knowledge of new

vacuum and pressure technologies, material science and engineering principles, high level programming and nuclear physics. He is also a founding editor of the Macquarie Law Journal, and a former editor of Jurist, a web-based legal information service.



In Melbourne Dr Edwin Patterson assists clients with patents and trade marks in the chemical, mechanical and materials engineering fields. He is familiar with the technology of inventions and the translation of that information into legal terms and enjoys the diversity of working with clients ranging from individual Australian

inventors to large international corporations.

The Institute of Patent and Trade Mark Attorneys of Australia has awarded him the prize for the most outstanding candidate to complete the 2004 examinations. Well done Edwin.



In Melbourne Dr Anne Hendtlass has recently become a registered patent attorney, has a background in molecular biology and protein chemistry and assists clients with the development and prosecution of patents related to biochemistry, medical devices, plants and molecular biology.

She enjoys her work in a variety of cutting-edge technologies and is quite at home with the technical language of inventions, assisting Australian businesses and universities, as well as a variety of overseas corporations.



In Sydney, Dr Andrew Jones has extensive experience in anti-cancer research and is involved with his clients in a wide range of chemistry-related fields, including inorganic and organic synthesis, polymers, pharmaceuticals and biochemistry.

Andrew understands the effort that goes into research and the need to protect the outcomes. His work covers all aspects of the patent process, from drafting patent specifications to patent prosecution and oppositions, for both Australian and overseas clients.



Dr Andreas Hartmann has also recently been registered as a patent attorney and has moved from Sydney to the rapidly expanding Perth office where he works in the physical and material sciences, chemistry and mechanical engineering. He has particular expertise in areas related to photonics and electronic devices.

He thoroughly enjoys the creative aspects of patent work and providing the broadest possible protection for inventive ideas. He speaks fluent German, has published more than 50 papers in different fields of physics, chemistry and material sciences and prior to joining Griffith Hack, he was selected for a personal Fellowship by the Australian Research Council.



In Brisbane, Andrew Davey specialises in patent and design work, assisting clients with drafting and prosecuting patent and design applications and advising on the commercial market implications of their new ideas and products.

With his educational and research background in chemical engineering, Andrew works with clients in a wide range of industries, including those in chemical and material engineering, petroleum and other resource sectors.

EUROPEAN COMMUNITY JOINS THE MADRID PROTOCOL

The accession of the European Community (EC) to the Madrid Protocol became effective on 1 October 2004 and the Office for Harmonization in the Internal Market (OHIM) now accepts international trade mark applications filed under the Madrid Protocol which designate the EC. Applications for international protection based on a Community trade mark application or registration will also be accepted.

Designation of the EC through the Madrid Protocol will have the same effect as applying for a Community trade mark. It is valid in all 25 Member States (Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, The Netherlands and the United Kingdom).

If the designation of the European Community fails to be accepted by the OHIM, the designation may be either converted into a national trade mark application directly with the Office of one or more Member States or conversion may be requested through the subsequent designation of any of the Member States through the Madrid Protocol. If the request for conversion is filed through the OHIM within three months following the final refusal, the subsequent designation resulting from the conversion will retain the date on which the designation of the European Community was originally recorded in the International Register.

Finally, as with all designations through the Madrid Protocol, the designation of the EC in an international application will be dependent on the basic trade mark remaining registered for a period of five (5) years after the application for International Registration is filed. Therefore, the holder of an International Registration must ensure that their basic trade mark does not cease within the 5 year dependency period.

The most notable benefit of designating the EC through the Madrid Protocol is the reduced cost when compared with the overall costs of applying to register a national Community Trade Mark or the costs of applying in all or many of the Member States individually.

PUTTING OUR STAMP ON THE BUSINESS . . .

Over the past 100 years, a diverse mix of small enterprises, big corporations, individuals, universities and research institutions have all placed their trust in Griffith Hack to provide them with the best possible advice to help formulate their business strategies, to protect their products and maintain their competitive edge.

Just as in those early days, it has meant getting out and getting on with the job. Making ourselves available and working in our clients' environment. It has meant understanding our clients' inventions and their businesses from the ground up.

Above all, giving good reliable advice where it's needed most.

Our growth, coupled with the geographical spread and location of our offices has enabled us to take full advantage of Australia's prime position in the South-East Asian region.

Our strong international connections have assisted us in advising a wide range of overseas clients requiring protection in Australia.

Furthermore the sheer size of our local patent drafting and filing practice reflects our dominant position in the local market and the firm's output on behalf of our clients.

With our depth of technical expertise and litigation experience, Griffith Hack has a total commitment to the protection of intellectual property rights, and their vigorous defence in every market.

We look forward to the challenges of the next 100 years.



A WARM WELCOME TO OUR NEW GRIFFITH HACK STAFF MEMBERS

Dr Mary Turonek, Nick Hunter, Dr Scott Whitmore, Simon Zarifeh, Mark O'Mally, Lisa Parker, Georgina Higinbotham, Julia Jenkins,



Dr Mary Turonek is a recent appointment to the Perth office as a senior associate and has broad patent and trade mark experience. In recent years she has also developed her practice in intellectual property due diligence, providing independent opinions for inclusion in IPO prospectuses.

Mary has extensive research experience in Australia and overseas and uses her technical background to stake the broadest monopoly to enable her clients' inventions to achieve their commercial objectives. Her practice focuses on a diverse range of chemistry-related industries including pharmaceuticals and cosmetics, mineral processing, waste management technologies, medical devices and wine.

She is an accomplished speaker who frequently addresses business and academic circles on a diverse range of intellectual property matters.



Located in Melbourne, newly appointed associate Nick Hunter is a registered patent and trade mark attorney with five years of extensive patent experience and is now an active member of the mechanical engineering and the mining, minerals and metals technology groups.

He is passionate about the critical role that intellectual property plays in business applications and is involved with clients, ranging from individual inventors to multinational corporations, in the full spectrum of their intellectual property issues and requirements.



Also in Melbourne, Dr Scott Whitmore has extensive academic and commercial research experience in biotechnology, having been involved in a range of research projects aimed at identifying genes involved in human disease, including cancer.

He has had previous experience in the management of intellectual property portfolios and is involved in preparing and prosecuting patent applications for inventions in the biotechnology, medical and life sciences fields for both local and overseas clients.

We have a number of new appointments in the Sydney office.



Simon Zarifeh has been appointed an associate of the firm and is a corporate/commercial lawyer who specialises in the development and protection of commercial agreements. With experience in all aspects of commercial transactions with new and emerging technologies, Simon also has extensive experience in corporate matters, trade promotions and advertising law. He has a keen sense of humour and possesses strong negotiation skills.



Mark O'Mally has spent the last three years since graduation as an Examiner of Patents at IP Australia working in a wide variety of technical fields within electronics and communications.

His role at IPA included standard national examination procedures, establishing and conducting international searches and reports, Ausindustry reporting together with examining and searching innovation patents and indexings.

His final year studies focused upon radio frequency design, production and testing, optical network simulations and circuit design.



As a graduate chemical engineer, Lisa Parker has had high level involvement for more than a decade in the pharmaceutical, bio-pharmaceutical and electronics industries both here in Australia and overseas.

She has held executive management positions in the US and Singapore and has been responsible for design and construction of biotech facilities for clients in China and Korea. Her work has included preparation of feasibility studies, conceptual design, detailed engineering and project construction management.

As an honorary Vice-President of the ISPE, she enjoys regular meetings with pharmaceutical manufacturers and industry representatives.



As a qualified US patent agent, Georgina Higinbotham's practice is focused on physical and polymer chemistry, particularly in health and bio-medical fields, medical and mechanical devices and pharmaceutical delivery.

Her overseas experience is of particular assistance to Australian clients seeking U.S. protection in the light of the new free trade agreements between the U.S. and Australia and the accompanying changes in Australian patent law.



Julia Jenkins is a solicitor involved in all areas of intellectual property law. With her specialist scientific focus at University on biochemistry and pharmacology, her Law honours degree research project centred on bioethical aspects of recent legislation governing scientific research and development.

Julia thoroughly enjoys the challenge of working in an area of the law where specialist advice given can be of particular commercial value to her clients.



GRIFFITH HACK

PATENT AND TRADE MARK ATTORNEYS
LAWYERS

The Griffith Hack group includes Griffith Hack Patent and Trade Mark Attorneys, Griffith Hack Lawyers, who specialise in intellectual property and information technology law, and Griffith Hack Consulting Pty. Ltd., our intellectual management and licensing consultancy. The Griffith Hack Group is associated with Computer Patent Annuities renewal service and Trade Marks Directory Service.

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