

Intellectual Property Forum

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Editor
Fiona Rotstein



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Intellectual Property Forum

The Journal of The Intellectual Property Society of Australia and New Zealand Inc ABN 056 252 558

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The Intellectual Property Society of Australia and New Zealand Inc is an independent society whose principal objectives are to provide a forum for the dissemination and discussion of intellectual property matters.

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EXPRESSIONS OF INTEREST

Expressions of interest are invited from intellectual property lawyers and writers to contribute to the Profile Section of *Intellectual Property Forum*.

Since 1997, *Intellectual Property Forum* has featured regular interviews with a range of eminent persons who have made significant contributions to the advancement of IP law in Australia and New Zealand. Expressions of interest are now invited from IP lawyers and writers who wish to suggest, facilitate or contribute profiles of local and international leaders and emerging leaders in the field of IP.

Initial enquiries or expressions of interest to contribute a profile are welcome. However, all expressions of interest to contribute a profile are critically appraised by the Editor (having regard to the Editorial Policies) who retains absolute discretion regarding the content of *Intellectual Property Forum*.

Some of those who have been profiled previously include:

- leading IP judges such as the late Rt. Hon. Sir Thomas Munro Gault KNZM QC, Former Chief Justice Robert French AC, Former Chief Justice James Allsop AC, Former Justice Dr Annabelle Bennett AC SC, Justice John Nicholas, Justice Nye Perram;
- leading IP lawyers such as the late Dr John McLaren Emmerson QC, the late Margaret Doucas, Angela Bowne SC, Katrina Howard SC, Dr Terri Janke, Katrina Rathie;
- leading IP academics such as the late Professor James Lahore, Dr Francis Gurry AO, Emeritus Professor Jill McKeough AO, Emeritus Professor Sam Ricketson AM, Professor Andrew Christie, Professor Natalie Stoianoff;
- leading IP players such as Emeritus Professor Sir Gustav Nossal AC CBE; Frank Moorhouse AM, Anna Funder, Kim Williams AM.

A full list of the distinguished persons previously profiled can be found at:
<<https://www.ipsanz.com.au/ip-forum/profiles/>>

Initial enquiries or expressions of interest to contribute a Profile are welcome, and may be directed to the Editor. Please email: editors@ipsanz.com.au.

Editorial – Fiona Rotstein



Photo by Harvey Andrews

Fiona Rotstein, Editor

In the spirit of the recent XXXIII Olympiad in Paris, this edition of *Intellectual Property Forum* goes for gold! The entire spectrum of intellectual property law is covered – from patents, trade marks and geographical indications (“GIs”) to copyright and designs. Plus, intellectual property rights in our post pandemic world are discussed, as is the confluence of counterfeit goods and organised crime. This edition’s five articles, three book reviews and 12 current developments reveal a variety of topics relating to intellectual property law. So, if you are missing the quadrennial

celebration of sport that just occurred, you are in luck. This issue of the Journal basks in the afterglow of gold, silver and bronze by honouring the broad scope of intellectual property practice today and intellectual property law’s deep roots which date back centuries.¹

This issue begins with my interview of Margaret Tregurtha who was appointed Deputy Director General of IP Australia in February 2020. Margaret reflects on her career path and how the needs of IP Australia customers have evolved since her appointment. She also discusses how IP Australia works collaboratively on issues affecting the Australian IP ecosystem and how IP Australia is encouraging Indigenous participation in policy discussions of intellectual property rights. In addition, Margaret elaborates on the work of IP Australia internationally and how it influences the development of effective intellectual property systems in line with Australian interests. She reveals the important role IP Australia played in the final negotiations of the new (but not yet in force) *WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge*.²

Our first article is by the Honourable Brendan Brown KC who recently retired as a Justice of the Court of Appeal of New Zealand after 10 years on the Bench. Akin to the reasonable person in law, the notional passenger on the Clapham omnibus,³ Brown’s article transports the reader. But rather than a mundane trip on public transport, Brown’s inspired analysis takes us on a journey to discover an array of literary references in intellectual property judgments. From William Shakespeare to Charles Dickens and Lewis Carroll (among others), Brown deftly demonstrates the special nature of intellectual property practice. His article refers to a range of intellectual property judgments from Australia, New Zealand and the United Kingdom. Like Carroll’s *Through the Looking Glass and What Alice Found There*, Brown shows us what can be learnt when we look at intellectual property decisions a little differently.

Next, Adam Joannou considers whether Australian copyright law is fit for purpose in our current age of accelerated artificial intelligence (“AI”) advancements. Joannou asks if Australia’s fair dealing exceptions are “flexible enough” to foster national AI progression. He discusses possible reform options in light of the United States fair use doctrine and the text and data mining exceptions in European Union and Japanese copyright law. Joannou also explores whether, in this context, copyright content should instead be licensed. He considers Australia’s News Media Bargaining Code and its potential application to balance the rival interests of rightsholders and AI developers. Joannou examines a variety of sources and developments, including The New York Times’ and Getty Images’ lawsuits versus OpenAI/Microsoft and Stability AI (respectively). He therefore brings to light many of the legal complexities in this rapidly evolving field.

Then, Rachele Downie and Teisha Deckker explore the rise of “green” trade mark applications in Australia. The authors examine the risks of greenwashing, which they define as “false or misleading environmental claims”. They consider the rules relating to certification trade marks, the role of the Australian Competition and Consumer Commission (“ACCC”) and the prohibition on greenwashing pursuant to the *Australian Consumer Law*.⁴ They also analyse a range of judgments on point and canvass the ACCC’s recent greenwashing guidelines. In addition, they discuss some of the repercussions “going green” may have on trade mark validity and registrability in Australia. Finally, they offer suggestions for reform, in light of recent trends in Europe and the UK plus the current Australian Parliamentary Inquiry into Greenwashing which the Senate Standing Committees

on Environment and Communications will report on by 20 November 2024.

Next, Dr Paula Zito considers GIs in light of a possible Australia-European Union Free Trade Agreement (“A-EU FTA”). As Dr Zito explains, A-EU FTA negotiations began in July 2018 and collapsed in May 2023 but are expected to restart later this year following the EU Parliament elections held in June 2024. Dr Zito examines the current protection of GIs pursuant to Australian laws and how international GIs are safeguarded in Australia. She also explores what Australia needs to do in the context of A-EU FTA negotiations. Her article recommends the implementation of an Australian GI framework for products other than wine and grape products and a new national GI right which provides GI protection for such goods. According to Dr Zito, the earlier Australia considers doing both, “the stronger its position will be in negotiating GI protection with its neighbouring countries and with the EU”.

In the fifth and final article, Matt Blaszczyk takes a deep dive into DABUS (Device for the Autonomous Bootstrapping of Unified Sentience) and the associated Artificial Inventor Project. Blaszczyk discusses DABUS developments in the US, the UK and Australia. Blaszczyk explores the challenges posed by DABUS given the historical justifications of patents, the patent bargain, and the property rights and monopolies granted by intellectual property law. Blaszczyk decisively argues against artificial inventorship, opining: “Attempts to get rid of the human inventor’s notionally central place undermines the theoretical foundations of patent law but also of modern law more broadly.” He presents a layered, multi-jurisdictional view of the DABUS patent litigation and his hopes for the concept of inventorship in the face of future AI developments.

Next are reviews of three very different intellectual property texts. First, Siobhán Ryan KC reviews *Counterfeit Goods and Organised Crime* by Australian Professor Michael Blakeney. The book delves into the hidden players and stories behind counterfeiting on an international scale. According to Ryan, Blakeney “delivers a disturbing and thought provoking read”. Next, Andrew Sykes reviews the 925 page tome, *Australian Trade Mark Law: 3rd Edition*, by Professors Robert Burrell and Michael Handler. Sykes discusses the text’s various updates from the previous edition, such as: new analysis on the factual distinctiveness of trade marks, raising the prospect of website blocking orders for trade mark infringement, and the role and regulation of trade mark attorneys. Then, Doug Calhoun analyses *Intellectual Property Rights in the Post Pandemic World* authored by a range of expert scholars. The authors provide timely insights on the intersection of intellectual property rights, sustainability, innovation and global justice. According to Calhoun, it is “an eclectic collection with ambitious goals”.

As usual, I am also pleased to bring you gold-medal-winning current developments from around the world. Locally, there is commentary on three intellectual property decisions of the Federal Court of Australia and two judgments by the High Court of New Zealand. Further afield, there are updates from Japan, Singapore, the UK, the EU, France, Germany, Canada and the US. In light of Blaszczyk’s article in this edition, it is interesting to read our Japanese and German correspondents’ reports on recent DABUS decisions in each of those jurisdictions. Other updates include a copyright decision by the Court of Justice of the European Union on whether the provision in apartments of television sets equipped with an indoor antenna is a “communication to the public”, a judgment by the US Court of Appeals for the Federal Circuit regarding design patents, and proposed amendments to Canadian trade mark laws.

The official motto of the International Olympic Committee is “Citius, Altius, Fortius – Communiter”, which translates from Latin as “Faster, Higher, Stronger – Together”. As a proud Melbournian, winner of the (un)celebrated world record of the most locked down city due to the COVID-19 pandemic, I feel that now – almost three years later – this maxim appeals. However, I believe it equally applies to all of us who are fortunate to work in the field of intellectual property. All of the articles, reports and current developments in this issue of the Journal illustrate the breadth and depth of intellectual property law today. The topics analysed reflect the changing topography of intellectual property practice in Australasia and around the world. I hope this edition informs and engages the entire IPSANZ community – at home and abroad.

- 1 For example, the *Statute of Monopolies 1624* (UK) was assented to by the English Parliament 400 years ago, on 29 May 1624. One of the tests for the patentability of inventions in Australia and New Zealand is that the invention be a “manner of manufacture within the meaning of section 6 of the Statute of Monopolies”: *Patents Act 1990* (Cth) s 18(1)(a) and *Patents Act 2013* (NZ) s 14(a). According to Professor Chris Dent, the “continued reference” to the Statute of Monopolies “accords it an almost idealised status within patent law”. See Chris Dent, “Generally Inconvenient: The 1624 Statute of Monopolies as Political Compromise” (2009) 33(2) *Melbourne University Law Review* 415, 415.
- 2 *WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge*, opened for signature on 24 May 2024 (not yet in force). For the Treaty’s status as at 16 July 2024, see WIPO, ‘WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge’ (Web Page, 16 July 2024) <<https://www.wipo.int/export/sites/www/treaties/en/docs/pdf/gratk.pdf>>.
- 3 The “man on the Clapham omnibus” made his judicial debut in *McQuire v Western Morning News Co Ltd* [1903] 2 KB 100, 109. In that decision, Sir Richard Collins, Master of the Rolls, attributed the phrase to Lord Bowen but did not provide a citation of any kind.
- 4 *Competition and Consumer Act 2010* (Cth) sch 2.

In Conversation with Margaret Tregurtha

Fiona Rotstein¹

Photo of Margaret Tregurtha
courtesy of IP Australia



Margaret Tregurtha

In June 2024, Fiona Rotstein met with Margaret Tregurtha, the Deputy Director General of IP Australia. What followed was a wide-ranging discussion regarding how IP Australia supports IP legislative change both nationally and internationally and the important issues facing IP practitioners today.

Q. You have been a member of IP Australia's leadership team as Deputy Director General since February 2020. How are you finding the role so far?

A. Working at IP Australia is a privilege. It's wonderful to be part of a committed and professional team working hard to support innovative businesses to protect their IP. My role touches many aspects of our operations and I enjoy the diversity that brings.

I started at IP Australia just prior to the onset of the COVID-19 pandemic in 2020 and it was a steep learning curve to understand the way different parts of the organisation worked, while at the same time, leading our people to pivot as needed to continue to deliver for our customers. I found that my background in legal services, governance and public administration was a solid foundation on which to build the IP specific knowledge and I have really enjoyed that learning process.

IP Australia is part of the broader innovation eco-system and one of the pleasures of the role over the past four years has been getting to know other players in that system, including customers, attorneys, academics, policy makers, researchers, judicial officers and more. The best solutions to problems come from engaging with a wide range of stakeholders and listening to different points of view. I have found the broad IP community to be very generous with their time and knowledge.

Q. Can you briefly describe a typical working day?

A. I try to start my day with a swim or a walk. I work from the office in Canberra most days but do also try to work from home at least one day a week to ensure I exercise those virtual working muscles.

During a typical day, my time will usually be spent between planned governance, operational and stakeholder meetings with a sprinkling of quick catch ups on emerging issues or risks, and a healthy dose of time spent reading/responding to emails. As I mentioned,

I have a broad suite of responsibilities which takes in all our corporate functions, information technology, customer experience, policy, data and economics.

Today I had a quick corridor chat about property, an operational management meeting, attended a Privacy Awareness Week seminar as Privacy Champion, attended an interdepartmental committee meeting on the standalone legislation for protection of Indigenous Culture and Intellectual Property, reviewed a draft of a policy, approved various documents for upcoming Senate Estimates hearings and dealt with the usual daily flood of email correspondence.

Q. You earned a Bachelor of Arts and a Bachelor of Laws (Hons) from the Australian National University ("ANU"). You also completed a Graduate Diploma of Legal Practice from ANU and are a graduate of the Australia Institute of Company Directors. Why did you initially decide to study law?

A. I come from a family of scientists and engineers, so law was not really on the radar when I was first considering my options. My secondary schooling was focused on science and maths, and I thought I was headed down an engineering pathway. Fate intervened in the form of my high school economics teacher who spruiked the benefits of a solid generalist degree to keep all my options open.

As a result, I changed course and ended up in Bachelor of Economics and a Bachelor of Laws degree at ANU. This was quickly adjusted to Arts when I realised that Economics was not for me. Luckily, I really enjoyed my law degree and ended up translating that into a fascinating and very satisfying legal career, mainly in government legal roles.

Q. Your work spans the Environment, Industry and Education portfolios of the federal Government and you have led a variety of legal, corporate, governance and regulatory functions. What in your view are the essential elements of good public sector governance?

- A. The most important elements of public sector governance in my opinion are ensuring that you have a clear understanding of the outcomes that you are trying to achieve; your role in achieving those outcomes; and the guardrails within which you must work to achieve them. Those elements can be applied to the way we work as individuals and at an organisational level.

It is essential that government services are delivered in accordance with the legislative and policy accountability frameworks that support transparency and integrity. For IP Australia as a service delivery agency, we need to take a customer-centric approach and ensure that we are working to continuously improve the customer experience within our public sector constraints.

We also need to be alive to the changing environment and context, and make sure we adapt to meet the needs of the customers we serve. This means we must have a robust risk management framework that allows us take appropriate risks to innovate and achieve our objectives while ensuring that core governance and compliance requirements are met.

- Q. How have the needs of IP Australia customers changed since you were first appointed as Deputy Director?

- A. In my role as Deputy Director, I've witnessed significant change in customer expectations. The COVID-19 pandemic accelerated the adoption of digital interactions, and customers put increasing emphasis on simple, accessible, and reliable services, with a growing preference for personalised experiences alongside streamlined digital solutions.

Human and relatable interactions remain crucial, and empowered staff play a pivotal role in delivering this experience.

Trust is paramount. Customers demand transparency, accountability, and efficient services. They want user-friendly systems that offer seamless online interactions, simplified forms, and intuitive interfaces.

At IP Australia, understanding customer sentiment is a top priority. We actively seek feedback and strive to improve service delivery, satisfaction, and overall experience with co-created and customer-led improvements, such as enhancing our website and online services portal.

The last three years have also seen a significant increase in the number of small businesses and industry associations reaching out for information about IP rights. Information sessions are in demand with more associations, individuals and universities seeking credible and agnostic information about IP rights to share with post grad students and researchers.

In response to this demand, we developed case studies of the IP journeys taken by a range of Australian small businesses, together with a suite of materials titled 'IP Essentials for small business' which include fact sheets, animations, on-demand webinars and more. These products are written with novice applicants in mind, using plain language and illustrating concepts with examples, to make the information as accessible as possible.

We aim to provide people with the information they need to ask the right questions and make a considered and informed decision about their IP. Ultimately, our goal is to make accessing the IP system smooth and easy.

- Q. IP Australia provides advice to the federal Government for improving the Australian IP rights system. Can you elaborate on this function and discuss how IP Australia supports IP legislative change at a national level?

- A. We work closely with other agencies on policy and legislative issues and place a high priority on developing new proposals with our stakeholders, to ensure reforms meet the needs of users.

IP Australia is a member of the Australian Government's IP Policy Group, a cross-agency body that ensures an integrated approach to the Government's policy agenda. We're also in constant contact with the community through our customer helpline, consultative groups, conferences, our international counterparts and the consultations we hold on particular issues.

Our advice needs to be evidence-based and make use of the latest data and research. Like other government agencies, we have to consider a range of policy options and recommend the solution with the greatest net benefit, as part of the Policy Impact Analysis process.

- Q. IP Australia works collaboratively on issues affecting the Australian IP eco-system. What are the main public consultations and initiatives currently on foot intended to foster effective IP policy development?

- A. One of our focus areas is exploring how IP can better support Aboriginal and Torres Strait Islander people to protect their traditional knowledge and traditional cultural expressions. The Australian Government has committed to introduce new standalone legislation to protect First Nations traditional knowledge and cultural expressions, and IP Australia is working closely with Office for the Arts to support them. We are working in partnership with Aboriginal and Torres Strait Islander peoples to establish this legislation, including in-person and online engagement sessions.

We're also looking at whether the Australian law on the kinds of computer implemented inventions ("CIIs") that can be patented is creating uncertainty for stakeholders and affecting their IP strategies and business decisions.

Some stakeholders have raised concerns that there is a lack of certainty on what is patentable subject matter for CIIs in Australia. While there have been several court decisions for CIIs over the last 10–15 years, we've heard that these decisions have not addressed stakeholder concerns.

For instance, in the recent case of *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents*² there was a split 3:3 decision by the High Court of Australia on whether the invention was patentable subject matter. We're considering whether further policy work is needed in this area. To help us understand the extent of the issues, IP Australia recently sought feedback from stakeholders on what effects the current law is having for CIIs. We've also commissioned research to compare Australia's approach to CIIs with other key jurisdictions. Once we have all this information, we will consider whether changes may be needed.

Q. Internationally, how does IP Australia influence the development of effective IP systems in line with Australian interests?

A. IP Australia is very active in the international arena, including in the World Intellectual Property Organization ("WIPO"). We also maintain close relationships with many other IP Offices and are often asked to share information and provide training.

Our relationships with other IP Offices are really important for dealing with global challenges and strengthening the regional architecture for trade. We aim to build alliances and broker meaningful outcomes on difficult international IP issues.

Another example is Indigenous Knowledge ("IK"), including a Diplomatic Conference in May 2024 which saw the conclusion of a landmark international treaty for the disclosure of genetic resources and associated traditional knowledge in patent applications.³ IP Australia played a key role in the final negotiations in Geneva, chairing the main committee dealing with substantive text.

This outcome is the direct result of more than 20 years of hard work and diplomacy from IP Australia, Department of Foreign Affairs and Trade and First Nations Australians. This historic treaty aligns with our goal of ensuring the cultural integrity and economic potential of IK are supported in the IP system.

We're participating in ongoing discussions on broader protections for traditional knowledge and cultural expressions.

We've also recently launched the fourth iteration of the Australia-WIPO Funds-in-Trust ("FIT") program, with AU\$2 million funding from DFAT's Aid for Trade program. The FIT program is designed to fill identified

needs in the ASEAN Pacific region and to be sustainable and scalable.

Q. The cost of IP registration is often viewed as an impediment to many Australian small to medium enterprises ("SMEs"). For example, instead of considering patent protection, a SME may look more to trade secrets or simply doesn't engage in the IP system at all. From a policy perspective, this must be concerning to IP Australia due to the loss of innovation that could be brought into the IP system. What are your thoughts on this issue and what is IP Australia doing to increase SMEs' access to IP ownership?

A. There's a variety of reasons SMEs don't engage with the IP system, and they are not all financial. One reason is a lack of awareness or understanding of the value of registered IP protection.

The 2024 Australian IP Report actually shows a 2.4 per cent increase in patent applications from Australian residents, and between 2002 and 2017 we saw an increase in the number of SMEs that own IP rights grow from 2 per cent to 4 per cent. In the past two decades we have also seen the number of Australian SMEs that hold patents increase five times faster than the number of SMEs without patents. This is not the same pattern observed in larger firms, and could indicate an uplift in IP capability in SMEs, or a better understanding of the different ways IP rights can be used to bring ideas to market.

For example, our research shows that SMEs with IP rights are more likely to experience high growth, employ more people, pay higher wages, and that exporters with IP rights will earn 30 per cent more in export revenue (in the long term).

Getting cut through to SMEs is challenging, but our education and outreach team is working collaboratively with a partnership network across government, universities and industry associations to amplify our messaging – maximising reach and impact to start-ups and SMEs. We have also recently embarked on a pilot program into secondary schools, as we know early education is the key to increasing access to the IP system.

Q. How does IP Australia further Indigenous participation in policy discussions regarding IP rights?

A. As I outlined earlier, IP Australia supports the cultural integrity and economic potential of the IK of First Nations peoples within the IP system and the broader community. To do this, we ensure our policy positions are informed by the views of Aboriginal and Torres Strait Islander peoples.

In public consultations in 2018 and 2021, we heard the current IP system is not well-suited to protect Aboriginal and Torres Strait Islander peoples' systems

for managing their knowledge, culture, and land, and that consultation and consent are essential where IK is being used.

One of the key pillars of our IK Project is the establishment of an IK Panel at IP Australia. The Panel will advise IP Australia decision makers on IK matters relevant to applications that contain IK; help us promote awareness and understanding of IK as it relates to IP rights; and give policy and strategic guidance to IP Australia on IK and our engagement with Aboriginal and Torres Strait Islander peoples. We are looking to have the Panel established by the end of 2024.

Q. What are the implications for IP Australia and the IP eco-system in a changing economy?

A. No matter what the future brings, the adaptability of the IP system will be key. Innovation is a powerful lever for raising overall wellbeing, and key to overcoming global challenges, from COVID-19 to climate change. These systemic challenges require internationally coordinated innovation responses, which the IP system is well poised to facilitate.

Our recently published 2024 Australian IP Report underscores the growing role of SMEs as an engine of innovation in Australia. As in the United States, this may point to increasing specialisation in the innovation process – many successful innovations today result from basic research by public research organisations, startups developing the technology for commercial application, and established businesses acquiring and scaling those applications.

The IP system needs to support different parties to play their roles, for example, by helping small businesses both to license their ideas and obtain commercialisation resources.

New technologies are also reshaping the innovation process. For example, the rise of artificial intelligence is making it quicker and cheaper to invent and create. IP settings need to strike the right balance between promoting the advancement of these technologies and mitigating harm to content producers – after all, the quality of AI training depends on the quality of its inputs.

IP Australia is working to ensure our purpose and practices evolve to meet the changing environment exploring the implications of AI for IP, and how the IP system can promote concepts such as Open IP which embrace more transparent methods of innovation.

Q. AI can be both a help and a hinderance to the functioning of the IP system. What work is IP Australia doing regarding the opportunities and risks posed by AI?

A. We're vigilant to the potential impacts of AI on the IP system, from the policy domain to our own operations.

There is a lot of potential in the growth of AI to help IP Offices meet demand, and we've been exploring AI capabilities that could improve services to our customers. This includes developing several in-house tools that use AI technologies (such as natural language processing and machine learning), to assist with different aspects of the examination process, and tools such as our new TM Checker.

We're also aware there are risks associated with the widespread application of AI including, for example, the potential for AI generated designs to flood the design system. So we're actively taking steps to ensure the implementation of safe and responsible AI, in accordance with Australian Government principles and frameworks.

Last year we investigated the potential ramifications of generative AI on the IP rights system, which also raised a lot of questions to consider. We will be transparent as we continue to engage our customers and stakeholders about how we and they are using AI, to identify where AI can help strengthen the integrity of the system, and where use of AI could undermine it.

Q. Apart from AI, what in your view are the key issues facing IP practitioners today?

A. For designs, the key challenge is the lack of awareness of the registered designs system. Design related industries and workers more broadly contribute AU\$67.5 billion per annum to the Australian economy. Yet registered designs are not as well used as patents and trade marks. IP Australia is doing what we can to bridge that knowledge gap. IP professionals can play a role here too by helping busy designers to understand why registered designs might help their business.

Q. Are there any IP issues you would like to see addressed, either by the courts or the legislature?

A. One issue I would like to see addressed is meeting the needs of Aboriginal and Torres Strait Islander peoples around having control of their knowledge and culture. As I mentioned earlier, we are working closely with Office of the Arts on this. The first stage of the legislation is expected to address the harm caused by fake art, merchandise and souvenirs. Subsequent legislation will deal with other areas of IK and enforcement.

IP Australia is also working on possible changes to the registered IP rights to improve the assessment of IK in IP rights applications. This could include preventing the misappropriation of language or imagery in trade marks, and requiring patent applications to disclose material relating to genetic resources and associated

traditional knowledge. The outcomes from the possible international treaty on disclosure will inform what we do here.

- Q.** Generally speaking, where do you think lie the future challenges of IP law both in Australia and internationally?
- A.** To remain fit for purpose, the IP system needs to support diverse innovation communities and practices, as an increasing amount of innovation is jointly developed by many different parties. The IP system needs to more accessible, for women and SMEs, and help to equitably share the benefits of innovation. The IP system also needs to be flexible and adaptable to change. An example of that in Australia is our work on reforms to the design system so it meets the emerging needs of users.

As well as the potential for AI generated designs, AI generated inventions may create challenges around authorship, ownership and the rules for patent protection. We may need to adjust how we assess inventive step and consider AI as part of the person skilled in the art. AI's ability to work at large scale and produce many inventions could raise the bar for obviousness, making it difficult for humans to obtain patents on their own.

We aren't yet at the point where we need to change the law, but the technology is changing quickly. IP Australia and other IP Offices are working to better understand the potential impacts.

- Q.** If you could go back in time and speak to a younger Margaret Tregurtha who is completing her Bachelor of Laws at ANU, what would you say to her?
- A.** There are so many different doors that a law degree can open, so stay alive to options that may seem left field. Within legal practice there are many possibilities but also a law degree is very useful in a wide range of other areas particularly in policy work for government. I would never have imagined I would end up working in IP but it's a fascinating subject and very rewarding work.

1 Fiona Rotstein is an Intellectual Property Consultant at Vault Legal in Melbourne.

2 [2022] 274 CLR 115.

3 *WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge*, opened for signature on 24 May 2024 (not yet in force).

Intellectual Property: A Little Out of the Ordinary¹

The Honourable Brendan Brown KC²

Some of you may have read the recent novel *Ordinary People* – or possibly the 1976 book of the same title. The law copes reasonably well with ordinary people. The law contemplates the “average consumer”. As Birss J (as he then was)³ observed in *Hearst Holdings*, average denotes that a person is “typical”.⁴

And so, we famously have the reasonable man, the notional passenger on the Clapham omnibus, said to have originated from Lord Bowen.⁵ The omnibus was apparently a horse-drawn vehicle operating between Knightsbridge and Clapham. As it transpires, that famous passenger has relatives (both male and female) in various parts of the world. Thus the cases acknowledge the notional existence of the passenger on the Paris metro⁶ and on the Japanese bullet train.⁷

On this side of the world, the High Court of Australia has recognised the person on the hypothetical Bondi tram.⁸ And not to be outdone, in *Bognuda v Upton & Shearer*, Turner J in the New Zealand Court of Appeal referred to the man on the Island Bay bus.⁹ However, given our location tonight, I should perhaps note that Priestley J (a loyal Auckland) described the Island Bay traveller as a concept beloved by some Wellington jurists. He observed that the Courts have yet to assess the view of the rush-hour driver on an Auckland motorway on-ramp.¹⁰

So, I hear you asking: what has all this to do with you?

Well, the answer is: probably not a lot. And this is the reason.

You are not average people. You are special people. You operate in specialist fields, fields which other practitioners find daunting. As Lord Esher MR remarked as long ago as 1892:¹¹

a man had better ... have anything happened to him in this world, short of losing all of his family by influenza than have a dispute about a patent.

Much more recently in *Unilever Plc v Proctor & Gamble*, Simon Brown LJ spoke of his difficulty in understanding the legislative policy when describing himself as “coming as a stranger” to the arcane world of patent infringement threats actions.¹² And, of course, one of your own, none other than Jacob J, has referred to the “Byzantine logic” of patent law and jurisprudence.¹³

You have your own library of venerable textbooks. From the outside looking in, you even appear to have your own language and syntax. I well recall being asked by the Judge in the Hammar/Steelbro patent litigation what was meant by “integers”. And in a different case in the Court of Appeal, I was required to field the question as to why the patent listed a long series of claims instead of simply one.

You even have your own notional person who is a very different character from the those on the Clapham omnibus. I refer of course to the skilled but non-inventive man in the art whose characteristics were elaborated upon by Laddie J in *Pfizer*.¹⁴ The poor fellow must be exhausted from studying, given that he is said to understand all languages and dialects.

I must confess to having a certain empathy with him – not because of any linguistic prowess, but because, as Jacob LJ observed in *Technip France*, the skilled man is also very forgetful.¹⁵ Of course, in his case that is not the product of age – but rather the consequence of the no-mosaic rule.

In that case, Jacob LJ described the skilled man as a nerd. However he compassionately acknowledged that the skilled man is not a complete android. For, as he explained, it is settled that the skilled man will share the common prejudices or conservatism which prevail in the art concerned.

That discussion by Jacob LJ would seem to have prompted Pill LJ to consider the dictionary definition of nerd. Having done so, he expressed the hope that those working in the field would not regard “men skilled in the art” as figures from science fiction who lack social skills.

The skilled man resides in your specialist law reports, the RPCs, the FSRs and others. And at the risk of being affiliated with him, my heart skips a beat when I receive a citation to those reports. Why so? Is it the subtlety of the legal principles? Is it the invariably intriguing subject matter? Yes, on both counts. But there is occasionally something else.

A clue may be found by revisiting *Unilever* where the English Court of Appeal grappled with the meaning of the threats provision in section 70 of the *Patents Act 1977* (UK). Plainly gaining in confidence as he wrote, Simon Brown LJ opined that in its earliest manifestation section 70 was designed to stop those patentees, who were willing to wound but afraid to strike, from hanging a Damocletian sword above any trader's head. He went on to refer to a submission that there was a Rubicon between, on the one hand, the patentee reserving rights (which was permissible) and, on the other, him saying that he will assert them (which was forbidden).

In those short paragraphs the Judge made three historical or literary allusions: first, to the act of Julius Caesar in 49 BC in crossing the river Rubico which amounted to a declaration

of war on Rome, from which there was no turning back; secondly, to the sword hung from the ceiling by a single hair above the head of Damocles at a banquet; and thirdly, to the famous couplet from Alexander Pope's *Epistle to Dr Arbuthnot*: "willing to wound and yet afraid to strike, just hint a fault, and hesitate dislike".

Now some may feel that such asides are frivolous and possibly showing off. But when one is ploughing through a long and complex judgment, these brief insights into the judicial personality can provide, if not an oasis, then at least a moment's respite from the rarefied air of the subject matter.

I propose to explore this thesis this evening by taking you to some other examples in intellectual property judgments. Whether they should be viewed as little gems or as idle irrelevancies I leave you to be the judge.

Let me start with trade marks.

Reckitt Benkiser concerned a claim for infringement of several trade marks relating to air freshener products. There was a counterclaim alleging threats. Reckitt applied to strike it out, but solely in reliance on the Court's case management powers. Not, you might think, a promising scenario for citing a fairy tale. But Laddie J said this:¹⁶

Just as the Good Fairy in Sleeping Beauty could not destroy the spell cast by the Witch but could soften its effect, so the CPR gives the courts wide powers to control how proceedings must be conducted but does not enable them to, in effect, remove rights created by legislation.

The purists among you (and I know there are several) will realise that the Judge was alluding to the plot of the 1959 Walt Disney film rather than to the much earlier European versions or the story as told by the Brothers Grimm.

Staying with the letter "S", Shakespeare was invoked by Burchett J in the character merchandising case, *Shoshana*, concerning the television personality Sue Smith.¹⁷ He commenced the judgment in this way:

When Shakespeare, in Venus and Adonis, pictured the '... true-love in her naked bed, teaching the sheets a whiter hue than white,' he was not advertising a washing powder, but, as it happens, his language is remarkably evocative of a modern technique of selling, by which a product is associated with a desirable personality, in whose reflected light, it will appear more pleasing.

Turning now to the issue of distinctiveness of trade marks, I suspect that most of you will recall that the 1931 case, *BRICK Trade Mark*.¹⁸ In his judgment, Eve J described as "somewhat Pickwickian" the state of affairs whereby some marks, although 100 per cent distinctive in fact, were not regarded as capable of distinguishing. Some 50 years later that Pickwickian description was revisited by Jacob J in *British Sugar*.¹⁹

And while on the topic of Charles Dickens, I would mention *The Lady Anne Tennant*, a copyright case where summary judgment was sought.²⁰ The Vice-Chancellor there remarked that one does not get leave to defend such an application by putting forward a case that is "all surmise and Micawberism".

Now that we have segued from trade marks to copyright, naturally the famous case of *Francis Day & Hunter Ltd v Bron* comes to mind. It concerned allegations of copying the song *In a Little Spanish Town*. In exploring the issues of objective similarity and drawing an inference of copying, Diplock LJ stated:²¹

Even complete identity of the two works may not be conclusive evidence of copying, for it may be proved that it was impossible for the author of the alleged infringing work to have had access to the copyright work. And, once you have eliminated the impossible (namely copying), that which remains (namely, coincidence) however improbable, is the truth; I quote inaccurately, but not unconsciously, from Sherlock Holmes.

Incidentally Diplock LJ's reference to "unconsciously" was a light-hearted aside, given that a key issue in that case was unconscious copying.

More obscure was Lord Hoffmann's cryptic comment in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* that copyright law protects foxes better than hedgehogs.²² Happily in *Lucasfilm Ltd v Ainsworth*, Lord Walker of Gestingthorpe and Lord Collins of Mapesbury explained that that observation was an allusion to the saying attributed to Archilochus in the 7th century BC to the effect that the fox knows many things but the hedgehog one big thing.²³

I move now from literature to the theatre. Various provisions of the Australian *Copyright Act* 1968 (Cth), including the definition of cinematograph film in section 10, employed the verb "embodied".²⁴ The meaning of that word became a live issue in *Sega v Galaxy Electronics*.²⁵ Burchett J opined that the precise sense could be found in the lines which W S Gilbert put into the mouth of the Lord Chancellor in *Iolanthe*. Allow me to remind you of what the Lord Chancellor said:

The Law is the true embodiment of everything that's excellent. It has no kind of fault or flaw. And I, my lords, embody the Law.

Burchett J said:

The Lord Chancellor is claiming that the law contains and reflects all excellence, and that he himself holds (and therefore will pronounce) the law. Excellence may be a somewhat indefinite abstraction, but the law involves precise rules, and Gilbert, who had practised briefly at the bar, was perhaps thinking of the Latin expression 'in gremio iudicis'. The word 'embodied' may well have been taken, by

the draftsman of s 10, from a usage in copyright law that closely paralleled that of Gilbert's Lord Chancellor.

Before bidding farewell to section 10, I would draw attention to the discussion in *Coogi Australia Pty Ltd v Hysport International Pty Ltd* of the words “version” and “translation” in the context of the statutory definition of “adaptation”. In the course of explaining that “translation” has a much narrower reach, Drummond J commented:²⁶

In ordinary speech, Piave's libretto in Italian for Verdi's opera 'Macbeth' could fairly be called a version of Shakespeare's play; it could not, however, be properly described as a translation of the English original.

With more than a hint of nostalgia I turn now to patents, which are particularly fertile ground.

I start with the slightly depressing case of a claim by BASF against an English firm of patent attorneys for negligently failing to lodge an appeal from a decision of the European Patent Office's Opposition Division revoking a patent for lack of inventive step. Liability not being in issue, in assessing damages the question arose as to what would have happened had an appeal to the Technical Board of Appeal been filed in time.

The significance of the case for my purposes lies in demonstrating that not only intellectual property judges but also intellectual property counsel pray in aid literature in the course of their endeavours. The judgment of Adam Johnson J records:²⁷

With typical flair Mr Stewart QC relied on a Shakespearean metaphor drawn from Julius Caesar where Brutus has the following exchange with Cassius:

*There is a tide in the affairs of men
which taken at the flood leads on to fortune.
Omitted, all the voyage of their life
is bound in shallow and in miseries.
On such a full sea are we now afloat
and we must take the current where it serves
or lose our venture.*

The Judge went on:

In 2013, according to Mr Stewart, the tide would have been in for BASF. Because of Carpmael's negligence, they missed it.

Ultimately BASF was unsuccessful, obtaining only nominal damages. The prospects of success on the out-of-time appeal were assessed as only 25 per cent. And by the prospective appeal date of early 2015 it was too late to apply any serious pressure in the negotiation of licence terms. In his conclusion the Judge could not resist picking up on the tidal analogy. He said:²⁸

Applying Mr Stewart's Shakespearean analogy, the tide was well and truly out by then.

My next exhibit is a little gloomy for a different reason. It involved a procedural mess. SmithKline Beecham sued Apotex for infringement of a patent covering a process for a particular form of paroxetine hydrochloride. There were substantial irregularities concerning the parties. This led to what Jacob LJ described as conceptual muddles. He was sufficiently moved to say:²⁹

Treating or deeming a series of important procedural steps (including one as basic as making a company a party to the proceedings) to have happened is, in principle, unsatisfactory. A P Herbert's Lord Mildeu comes to mind: 'There is too much of this damned deeming'.

For those who have not read Sir Alan Herbert's *Uncommon Law*,³⁰ Lord Mildeu is one of the wonderful fictional judges who is credited with so many profound legal observations. A few examples merit mention: it is impossible to be really merry at half past three in the afternoon; there is no precedent for anything until it is done the first time; the critical period in matrimony is breakfast-time.

And, while on the subject of *Uncommon Law*, lest you infer that I approve of judicial references to Shakespeare, I feel compelled to draw attention to the (fictitious) case of *R v Haddock*. The subject matter of that case is revealed by Sir Herbert's subtitle: “Is a Golfer a Gentleman?”.

Mr Haddock was charged under the *Profane Oaths Act of 1745* with swearing and cursing on a Cornish golf course. The prosecution cited a line from Shakespeare, namely that “The Prince of Darkness is a gentleman”.³¹ Trout J's response was that quotations from Shakespeare in Court are “generally meaningless and always unsound”.

Fortunately, fairy tales have not received the same condemnation. And so, happily, I turn to the subject that I know you have been patiently awaiting, namely the construction and amendment of patent claims.

In the Federal Court of Australia, Greenwood J in *Liberation Developments* summarised the essential principles governing the construction of claims. On the subject of purposive construction, he had this to say:³²

Purposive construction is not a mechanism for demonstrating that the glass slipper actually does fit on Cinderella's sister's oversized foot and thus Cinderella's sister is Cinderella, when it does not and she is not.

Some 20 years earlier in *Cyanamid v Ancare*, Morris J was required to determine an application to amend, the effect of which would have been to give the word “stable” an extended meaning. The Judge concluded:³³

The effect of permitting the amendment would be to grant a patent for a claim very different from the claim originally patented. The good fairy with a wave of her wand transposed the drab Cinderella into a lady whose raiment meant her

sisters at the Prince's Ball failed to recognise her. Such a substantial and unheralded alteration is not permitted under the Patents Act.

While on the theme of fairy tales, I find it difficult to resist reference to *Top Optimized Technologies SL v Vodafone Group Services Ltd*. It involved complex litigation concerning the alleged use or mis-use of intellectual property, said to belong to Top Optimized Technologies, used for the management of signals in 3G mobile communications networks. The matter before the Patents Court was an interlocutory application for a stay of proceedings.³⁴ Observing that the complex technology could be described at a high degree of abstraction, Marcus Smith J explained that signal control concerned the transmission power between a mobile handset and a base station. He said:

The transmission power must neither be too low nor too high but – just as with Goldilocks and the three bears – ‘just right’.

I take you now to an allusion to Pinocchio, the hero of Carlo Collodi's childhood story about a boy made of wood whose nose grew when he told lies. *Milliken Denmark AS v Walk Off Mats Ltd* concerned an action for infringement of a United Kingdom patent relating to washable floor mats with rubber or plastic backs. Claim 1 referred to such mats which were “water impermeable in normal use”. The defendants contended that “normal use” was so vague and ambiguous as to be incapable of having any reasonable meaning. The skilled man would not know where normal use stopped and abnormal use started. Jacob J said:³⁵

Now, I think Mr Pumfrey must be right in principle. It is possible to imagine claims which simply have no meaning to the skilled man. A lie detector which had to be calibrated in Pinocchio (sic) units, no one knowing what these were, would be an example.

Not without some hesitation, Jacob J concluded that the concept of normal use was clear enough for the skilled man. But his lie detector example, described as “famous” by Lewison LJ in *Anan Kasei Co Ltd v Neo Chemicals & Oxides Ltd*,³⁶ was viewed in that case as giving rise to uncertainty in the *Kirin-Amgen* sense.³⁷

More obvious (if you'll forgive an exceptionally poor pun) are allusions to the works of Lewis Carroll. The decision in the *Exxon* copyright case contains a lengthy discussion of the *Jabberwocky* poem.³⁸ While Graham J thought it was just conceivable that the use of the single word alone might infringe as being a substantial part of the whole poem, he did not consider that if Lewis Carroll had merely invented the word *Jabberwock*, and had never written the poem of which it is part, that he could have been successfully contended that copyright subsisted in the word alone.

Another of Lewis Carroll's delightful creations was the Cheshire Cat. It belonged to the Duchess and its notable feature was the periodic gradual disappearance of its body leaving only one last visible trace, its iconic grin.

Merck & Co v Generics involved a claim for infringement of a patent for a method of making monosodium alendronate.³⁹ Laddie J observed that at first blush the alleged infringing process was very different from the primary claim. He firmed up in his conclusion, stating that the omissions from the claim were so extensive that it was tempting to say that what was left was little more than the Cheshire Cat's smile.

The feline theme was elaborated by Neill LJ (in a *Mareva* injunction case) where he said:⁴⁰

In the course of this appeal some reference was made to the fact that assets, like the Cheshire cat, may disappear unexpectedly. It is also to be remembered that modern technology and the ingenuity of its beneficiaries may enable assets to depart at a speed which can make any feline powers of evanescence appear to be sluggish by comparison.

Literary allusions in intellectual property judgments are not confined to English literature. Most patent lawyers will recall Lord Hoffmann's reference to Renan in *Biogen v Medeva*, namely “*la vérité est dans une nuance*”.⁴¹ Delightful, but less well known, is the reference to Molière by Lewison J in *Tate & Lyle Technology Ltd v Roquette Frères*.⁴² The patent in suit concerned the crystallisation of maltitol which was a sugar substitute. Tate & Lyle contended that the relevant claim simply informed the reader of a property of maltotritol (a by-product of the maltitol production process) which Roquette had discovered.

Lewison J concluded:

I accept this submission. In Molière's play Le Bourgeois Gentilhomme, Monsieur Jourdain asks something to be written in neither verse nor prose. A philosophy master says to him, ‘Sir, there is no other way to express oneself than with prose or verse’. Jourdain replies, ‘By my faith! For more than forty years I have been speaking prose without knowing anything about it, and I am much obliged to you for having taught me that.’ That is this case. The industry has been using maltotritol to control or determine crystal habit without knowing it. What is left of the patent as granted is no more than a discovery as such.

Harking back to Lewis Carroll, it should not surprise you that one of my favourite episodes in *Alice's Adventures in Wonderland* is the trial of the Knave of Hearts. He was charged with stealing the Queen's tarts. The judge was the King of Hearts. The White Rabbit, who was a sort of prosecutor, did not really know what to do. This led to the King giving the White Rabbit some advice.

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The King's advice was actually cited by Lord Evershed in a restrictive practices appeal in the House of Lords in 1963. He said this:⁴³

There is, indeed, solid and respectable authority for the rule that you should 'begin at the beginning and go on till you come to the end: then stop'.

At this time of the evening, that strikes me as very good advice.

I shall take it.

- 1 This article is adapted from a speech given at the Intellectual Property Society of Australia and New Zealand Mid-Year Dinner held in Auckland, New Zealand on 11 July 2024.
- 2 Former Justice of the Court of Appeal of New Zealand.
- 3 Birss LJ was elevated to the Court of Appeal of England and Wales on 25 January 2021, shortly after delivering his decision in *Illumina Cambridge Limited v Latvia MGI Tech SIA and ors* [2021] EWHC 57 (Pat).
- 4 *Hearst Holdings Inc v AVELA Inc* [2014] FSR 36, [60].
- 5 See Lord Neuberger in the Lehan Lecture 2014, 'Equity: The soul and spirit of all law or a roguish thing?' (2014) 88 *Australian Law Journal* 802, 811.
- 6 *Drax Power Ltd v Secretary of State for Energy* [2016] EWHC 228 (Admin), [106].
- 7 *R Griggs Group Ltd v Evans* [2005] Ch 153, [57].
- 8 *Paptonakis v Australian Telecommunications Commission* (1985) 156 CLR 7, 36 per Deane J.
- 9 *Bognuda v Upton & Shearer Ltd* [1972] NZLR 741 (CA), 764.
- 10 *Turipa v R* [2004] 2 NZLR 706 (HC), [52].
- 11 *Ungar v Sugg* (1892) 9 RPC 113, 117.
- 12 *Unilever Plc v Proctor & Gamble Co* [2000] 1 WLR 2436 (CA), 2451.
- 13 *Bristol-Myers Squibb Co v Baker Norton Pharmaceuticals Inc* [1998] RPC 253, 271.
- 14 *Pfizer Ltd's Patent* [2001] FSR 201, [62]-[63].
- 15 *Technip France SA's Patent* [2004] RPC 46, [8].
- 16 *Reckitt Benkiser UK v Home Pairfum Ltd* [2004] EWHC 302 (Pat), [20].
- 17 *Shoshana Pty Ltd v 10th Cantanae Pty Ltd* (1987) 79 ALR 279 (FCA), 281.
- 18 *BRICK Trade Mark* (1931) 48 RPC 392, 397.
- 19 *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 (Ch), 305.
- 20 *The Lady Anne Tennant v Associated Newspapers Group Ltd* [1979] FSR 298 (Ch), 303.
- 21 *Francis Day & Hunter v Bron* [1963] 1 Ch 587 (CA), 627.
- 22 *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] 1 WLR, 2423.
- 23 *Lucasfilm Ltd v Ainsworth* [2012] 1 AC 208 (SC), [35].
- 24 The Copyright Act 1994 (NZ) contains a number of references to "embodying": see ss 62 and 115.
- 25 *Sega Enterprises Ltd v Galaxy Electronics Pty Ltd* (1996) 35 IPR 161 (FCA), 165.
- 26 *Coogi Australia Pty Ltd v Hysport International Pty Ltd* (1998) 86 FCR 154, 185.
- 27 *BASF Corporation v Carpmals & Ransford* [2021] EWHC 2899 (Ch), [353].
- 28 At [463(iv)].

- 29 *SmithKline Beecham plc v Apotex Europe Ltd* [2007] Ch 71 (CA), [21].
- 30 A P Herbert, *Uncommon Law* (Methuen, 1935).
- 31 *King Lear*, Act 3 scene 4.
- 32 *Liberation Developments Pty Ltd v Lomax Group Pty Ltd* [2019] FCA 1180, [97(9)].
- 33 *Cyanamid of NZ Ltd v Ancare NZ Ltd* 10 November 1999 CP 480/97 Auckland Registry.
- 34 *Top Optimized Technologies SL v Vodafone Group Services Ltd* [2021] EWHC 46 (Pat).
- 35 *Milliken Denmark AS v Walk Off Mats Ltd* [1996] FSR 292, 301.
- 36 *Anan Kasei Co Ltd v Neo Chemicals & Oxides Ltd* [2019] EWCA Civ 1646.
- 37 *Kirin-Amgen Inc v Hoechst Marion Roussel Ltd* [2005] RPC 9 (HL).
- 38 *Exxon Corporation v Exxon Insurance Consultants International Ltd* [1982] 1 Ch 119, 131-2.
- 39 *Merck & Co Inc v Generics (UK) Ltd* [2004] RPC 31, [22].
- 40 *Derby & Co Ltd v Weldon (Nos 3 & 4)* [1990] Ch 65 (CA), 95.
- 41 *Biogen Inc v Medeva plc* [1997] RPC 1 (HL), 45.
- 42 *Tate & Lyle Technology Ltd v Roquette Frères* [2009] EWHC 1312 (Pat).
- 43 *In re Newspaper Proprietors' Agreement* [1964] 1 WLR 31 (HL), 39.

Is Australia's Copyright Law Fit for Purpose in an Artificial Intelligence Technological Revolution? Where To From Here?

Adam Joannou¹

Abstract

The Australian Government hopes for artificial intelligence (“AI”) driven productivity and efficiency gains to benefit Australia’s economy,² and has stated its objective of having Australia “become a global leader in developing and adopting trusted, secure and responsible AI”.³ However, Australia’s copyright regime may be too restrictive to achieve this goal and, in its current form, risks affecting AI developers’ willingness to invest in AI development locally. This article explores this issue and recommends several possible paths forward.

Introduction

AI captured the zeitgeist in November 2022, with the public release of Open AI’s ChatGPT.⁴ ChatGPT is just one example of a large language model (“LLM”), a type of AI model that generates comprehensible and (somewhat) reliable outputs in response to plain-language inputs. And, while AI is hardly a new technology, where LLMs like ChatGPT differ from earlier AI models is in their uncanny ability to generate content seemingly out of thin air based on human prompts.

Of course, this “generative AI” (“GenAI”) does not create its outputs ex nihilo. GenAI is made possible through a process called machine learning (“ML”), which gives computers the ability to learn from experience and, in doing so, to mimic human intelligence.⁵ ML involves a costly and intensive process of model training that relies on huge amounts of training data,⁶ and a large proportion of this training data is collected from “the whole of the public internet”⁷ through an automatic process called text and data mining (“TDM”) or “scraping”. This involves locating and extracting data from the internet, transforming the data into a structured dataset, and then saving and using the structured dataset to train the ML model.

Take, for example, Facebook’s Llama model, which was trained on data scraped from 15 million websites.⁸ Or Google’s and OpenAI’s text-to-video models, which (it has been suggested) were trained on millions of hours of transcribed YouTube videos.⁹ The lack of adequate legal certainty around this, often unauthorised, use of publicly available content to train models makes copyright a central issue to ML.¹⁰

For instance, in a recent US legal challenge, The New York Times sued OpenAI and Microsoft for alleged copyright infringement, arguing that millions of *The New York Times* articles were used to train OpenAI’s ChatGPT model without authorisation or license.¹¹ This, and similar high profile legal challenges, highlight “the underlying legal uncertainties and the ensuing unregulated power imbalances”¹² surrounding

the ML model training process, which are the focus of this article.

This article asks the following question: is Australia’s copyright law fit for purpose in this age of rapid AI technological development? This question can be understood in two ways:

First, is Australia’s current copyright law flexible enough to encourage AI development in Australia? This article will consider Australia’s fair dealing exceptions, and their suitability in this respect. It will then consider what law reform options may be available to Australian lawmakers, looking at the US’s fair use doctrine and the EU’s and Japan’s TDM exceptions as possible models.

Secondly, is copyright law the right lens through which to look at this issue at all? Much has been said on the topic of licensing content to AI developers. But this article also asks whether this issue could be reframed as one of remuneration and relative bargaining power. Here, Australia’s News Media Bargaining Code may provide some insights into finding an alternative way to balance competing interests of rightsholders and AI developers.

The methodology for this article involved performing a review of:

- the copyright law in each of the abovementioned countries;
- relevant literature on each such country’s copyright infringement exceptions, considering analyses on how such exceptions may relate to ML model training, as well as recommendations on possible law reform options and licensing regimes;
- published documents relating to each of The New York Times’ and Getty Images’ ongoing legal challenges against OpenAI/Microsoft and Stability AI (respectively), as being illustrative of issues central to this topic;

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- relevant reports by the Australian Law Reform Commission (“ALRC”), Productivity Commission and Copyright Law Review Committee for their analysis on the suitability of Australia’s copyright regime for ML model training; and
- relevant literature on the News Media Bargaining Code, its effectiveness, and its potential application to ML model training.

Australia’s fair dealing exceptions

If we start with the assumption that Australia wants to be a leading developer of AI (as opposed to a mere user),¹³ it follows that the relevant threshold question is whether Australian law, specifically Australian copyright law, is fit for the purpose of achieving this stated objective. When compared to overseas markets, Australian copyright law provides a high level of protection to rightsholders and, accordingly, poses higher legal risk to AI developers.¹⁴ Overly restrictive copyright law may discourage local AI development, driving it to other countries with less restrictive copyright regimes, and placing Australia at a competitive disadvantage globally.¹⁵

Under the *Copyright Act* 1968 (Cth), the creator of an original creative work is given an exclusive right to reproduce the work.¹⁶ Conversion of the work into or from a digital or other electronic machine-readable form is a reproduction of the work.¹⁷ And any unauthorised or unlicensed reproduction of the work constitutes copyright infringement.¹⁸

In training an ML model, multiple such unauthorised reproductions of works arguably take place:

- (1) millions of creative works are copied from the internet and saved as a dataset for the purpose of training the model;¹⁹ and
- (2) the process of training the model itself involves “multiple temporary copies”²⁰ of those same works being made.

On that point, some copies of copyrighted works used in ML model training may be covered by the temporary reproduction exception in Copyright Act s.43B. Such copies would need to be:

- (1) temporary; and
- (2) “incidentally made as a necessary part of a technical process of using a copy of the work.”²¹

However, this exception would likely not apply to copies of works used to create non-temporary – and certainly not incidental – training datasets. In its 2013 report, ALRC concluded that it “seems unlikely” that copying for TDM purposes would be covered by this exception.²²

Australian copyright law also provides a narrow list of “fair dealing” exceptions. Brief consideration will now be given to whether these exceptions facilitate or hinder AI development in Australia. This will be done with a focus on

general purpose LLMs trained on entire portions of millions of creative works.

A use of a work will be a fair dealing, and therefore not infringe the copyright in the work, when it is “for the purpose of research or study.”²³ In considering this exception, several specific factors must be considered:

First, “the purpose or character of the dealing”.²⁴ Here, a use is more likely to be fair where it is for genuine, non-commercial research or study, as opposed to a commercial, for-profit purpose.²⁵ This requirement will likely not be met for commercial LLMs like OpenAI’s ChatGPT or Google’s Gemini, for example.

Secondly, is “the nature of the work or adaptation”.²⁶ Here, the use of factual information or data is more likely to be considered fair, as opposed to creative works, such as literature, artwork or music.²⁷ Again, this may pose a significant hurdle to LLMs trained on millions of such creative works.

Thirdly, is “the possibility of obtaining the work or adaptation within a reasonable time at an ordinary commercial price.”²⁸ This factor is more likely to be met for LLMs trained on a large volume of works, where the alternative to website scraping would be the onerous and prohibitively costly process of negotiating licences with the rightsholders of each individual work.²⁹

Fourthly, is “the effect of the dealing upon the potential market for, or value of, the work or adaptation.”³⁰ Consider Getty Images’ recent legal claim that Stability AI’s Stable Diffusion model produces “images that are highly similar to and derivative of the Getty Images proprietary content”,³¹ in what Getty Images alleges is an attempt “to build a competing business”.³² Or consider Google’s Gemini-powered search engine, which claims that it will soon “do the searching for you”³³ and directly answer users’ queries – removing the need for users to navigate to the various news and blog sites containing the information they are searching for. These examples (although US-specific) illustrate the potential market substitution effect that the outputs of ML models trained on copyrighted works may have on rightsholders of those works.³⁴

Finally, is “the amount and substantiality of the part copied taken in relation to the whole work or adaptation.”³⁵ Here, reproducing only a portion, as opposed to the entirety, of a work is more likely to be a fair dealing. In its 2013 report, the ALRC said that “[t]he reach of the fair dealing exceptions may not extend to text mining if the whole dataset needs to be copied and converted into a suitable format. Such copying would be more than a ‘reasonable portion’ of the work concerned.”³⁶ This would immediately pose a problem for LLMs trained on entire novels, news articles or songs, as is the case for many current-generation LLMs.

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There are, of course, additional fair use exceptions for various other purposes. These include reporting the news,³⁷ criticism or review,³⁸ parody or satire,³⁹ and giving professional legal advice.⁴⁰ Although no fairness factors are listed for each of these other exceptions, in its 1998 report, the Copyright Law Review Committee argued that “[i]t is reasonable to assume that the [above] factors referred to under s.40(2) are also relevant in determining the fairness of a dealing for purposes other than research or study”.⁴¹ This article has already discussed how a commercial general purpose LLM may struggle to meet these factors.

Accordingly, although each of these exceptions may apply to an ML model trained for such very specific purposes, it is unlikely that any of them would apply to the types of general purpose LLMs being discussed here. Take, as an example, the use of news content to train AI models that output news. Here, it has been argued that such a use would be so far removed from the type of fair dealing contemplated by Copyright Act s.42, that Australian courts would be reluctant to extend its operation to such circumstances.⁴²

Ultimately, until Australia's fair dealing exceptions have been applied by the courts to TDM and ML model training, their applicability in that context will remain unclear. However, it appears at least arguable that, in their current form and other than in fairly limited cases, they would not protect the likes of OpenAI, Google or Meta seeking to train their ML model on unauthorised or unlicensed content in Australia.

One can see, therefore, the potential cooling effect that Australia's copyright law may have on local AI development. The balance of this article will consider several potential paths that remain open to Australian law and policymakers in this respect. One thing to note throughout is that there are many different, and competing, policy positions surrounding this issue, reflecting both the commercial and non-commercial uses of copyrighted content in ML models.

Reform option #1 – fair use

A good starting point for Australian lawmakers may be to consider an “open-ended copyright exception or limitation”⁴³ like the US’ broad fair use doctrine.⁴⁴ US copyright law is “one of the most permissive [copyright regimes] for TDM activities in the world”.⁴⁵ The benefit of a flexible copyright exception would be to enable development of powerful ML models relatively unimpeded; however, as will be shown, the main issue with a broad fair use defence is its inherent legal uncertainty.⁴⁶ Unlike Australian copyright law, with its closed list of fair dealing exceptions, fair use is far more open to interpretation by the courts.⁴⁷

The legality of TDM in fair use jurisdictions has “often been assumed”.⁴⁸ This has encouraged AI developers to take advantage of the inherent legal uncertainty to “to extract, accumulate and concentrate value from data”⁴⁹ with no

consequence.⁵⁰ A number of high-profile ongoing legal challenges overseas seek to challenge that assumption.

In March 2023, Getty Images commenced proceedings in the US against Stability AI, alleging that, in developing its Stable Diffusion model, “Stability AI has copied more than 12 million photographs from Getty Images’ collection, along with the associated captions and metadata, without permission from or compensation to Getty Images.”⁵¹ As Getty Images also points out, most of those images are protected by copyright.⁵²

Getty Images commenced similar proceedings against Stability AI in the UK.⁵³ In its defence to the UK proceedings, Stability AI has argued that the training of its model on Getty Images’ content occurred outside of the UK, so no infringement could have occurred under UK copyright law.⁵⁴ Perhaps a similar argument could be raised in an Australian context, were proceedings ever brought against the likes of OpenAI or Stability AI here.

In December 2023, The New York Times commenced proceedings in the US against OpenAI and Microsoft. They allege that OpenAI’s LLMs “were built by copying and using millions of The Times’ copyrighted news articles, in-depth investigations, opinion pieces, reviews, how-to guides, and more”,⁵⁵ “without any license or other compensation to The Times”,⁵⁶ in a manner that constitutes “large scale copyright infringement.”⁵⁷ They also allege that OpenAI’s LLMs “can generate output that recites Times content verbatim, closely summarizes it, and mimics its expressive style.”⁵⁸ In response, OpenAI has argued that “[t]raining AI models using publicly available internet materials is fair use”,⁵⁹ which is “fair to creators, necessary for innovators, and critical for US competitiveness.”⁶⁰

The outcome of both cases is yet to be determined. Perhaps tellingly though, both OpenAI⁶¹ and Stability AI⁶² now allow rightsholders to opt-out of having their works included in the training datasets for future Stable Diffusion and ChatGPT models, respectively.

Both cases raise questions about the future viability of current ML model training practices in fair use jurisdictions. It has been argued that fair use “may no longer serve its historical purpose”.⁶³ Where it once fostered creative expression and redistributed wealth from incumbent institutional rightsholders to individuals, it now seems to be shifting “wealth in the other direction, from the public to powerful [technology] companies.”⁶⁴

There have been numerous calls for Australia to adopt a broad fair use doctrine, including from the ALRC in 2013,⁶⁵ and the Productivity Commission in 2016.⁶⁶ To-date none have resulted in any significant copyright law reform. Perhaps the legal uncertainty inherent in a broad fair use doctrine has weighed against its adoption by Australian lawmakers,

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seeing it as too great a shift from Australia's current copyright regime.⁶⁷ It, therefore, seems unlikely that Australia would adopt a broad fair use doctrine.

Accordingly, this article will move next to consider fair use's main rival model, the TDM exception.

Reform option #2 – TDM exceptions

Broadly speaking, the EU has two TDM exceptions. Article 3 of the *Directive on Copyright in the Digital Single Market* ("DSM Directive") provides a TDM exception for scientific research.⁶⁸ This is generally held not to apply to TDM for commercial purposes,⁶⁹ and would therefore have limited applicability for commercial general purpose LLMs. However, Article 4 of the DSM Directive provides a general TDM exception (i.e. not limited to scientific research).⁷⁰ This means AI developers could conduct broad TDM to train a commercial ML model without infringing copyright in the underlying works, subject to an opt-out right in favour of rightsholders.⁷¹

In contrast to the broader US fair use doctrine, a general TDM exception provides more legal certainty to AI developers, at the cost of providing less overall flexibility.⁷² Indeed, there have been a number of criticisms levelled against the EU's general TDM exception for being too "cautious",⁷³ or "normatively unambitious",⁷⁴ in that being subject to an opt-out right "may very well frustrate its efficacy."⁷⁵ The opt-out right gives rightsholders the opportunity to negotiate remuneration from potential users of their copyright works.⁷⁶ However, it also places an onerous rights-clearance obligation on AI developers,⁷⁷ introducing a potentially unacceptable level of uncertainty back into the equation. Not unlike Australia's copyright regime, this may put the EU's copyright model at a competitive disadvantage to more flexible copyright models overseas. This may drive AI developers to obtain cheaper, and potentially lower-quality, training data from other markets.⁷⁸

An opt-out right also relies on rightsholders having knowledge that their work forms part of an AI model's training data. With training data consisting of millions of works, it is virtually impossible for rightsholders to determine this. The recent EU *Artificial Intelligence Act* (2024) operates to address this to some extent by imposing a transparency obligation on AI developers. This requires AI developers to provide a "sufficiently detailed summary of the content used for training the general-purpose AI model".⁷⁹ The practical difficulty for AI developers to comply with this transparency requirement in relation to millions of individual works should be obvious. Still, the general TDM exception working in concert with this transparency requirement appears to strike somewhat of an appropriate balance, providing rightsholders with some control over the use of their works, while still enabling AI innovation to take place.⁸⁰

However, it has been suggested that countries, like Australia, with a closed list of fair dealing exceptions should take note of the inherent weaknesses in the EU's general TDM exception, and instead use the EU's model as the minimum starting point for any copyright law reform.⁸¹ To this end, Australian lawmakers may look to Article 30-4 of Japan's *Copyright Act*, referred to as the "broadest TDM exception in the world".⁸² This, again, applies to all uses, but does not contain an opt-out right.⁸³ Japan's TDM exception permits copying of a protected work for TDM purposes if "it is not a person's purpose to personally enjoy or cause another person to enjoy the thoughts or sentiments expressed in that work".⁸⁴

Here a distinction is drawn between:

- (1) "enjoyment" of a work, where there is appreciation of the ideas expressed in the work and for which the creator of the work should be fairly remunerated;⁸⁵ and
- (2) a "non-enjoyment" use of a work, such as a "benign use of data",⁸⁶ which would not "unreasonably prejudice the rights of the copyright owner".⁸⁷

This raises the question of whether the reproduction of purely factual data should be covered by copyright at all. It has been argued that the mere extraction of factual information from copyrighted works rightly falls outside the scope of copyright law.⁸⁸ This is because "copyright only protects the creative form, not the information incorporated in the protected work."⁸⁹ And where an AI model does not reproduce or reveal the "individuality" of the works on which it was trained, no infringement should be found.⁹⁰

But the copying of creative works to train ML models arguably goes well beyond the mere reproduction of purely factual data. It often extends to the very creative expression – which is protected by copyright – that such models' outputs are intended to mimic the style of. As discussed above in the context of *The New York Times* and *Getty Images* cases, "at least some AI generated works clearly replicate and display the essential characteristics of works they were trained on".⁹¹

So, what does this all mean for Australia? Put simply, Australian lawmakers should consider adopting an additional fair dealing exception for TDM. This will better drive local AI development and strengthen Australia's global competitiveness in this space, while still ensuring that rightsholders' interests are adequately protected. In fact, calls to this effect have been made by Google, and other industry players.⁹² Were Australia to adopt a TDM exception with an opt-out right, the issue of transparency is already contemplated in Australia's voluntary AI Ethics Principles⁹³ – noting again the practical difficulty of complying with such a requirement for AI developers. However, for the reasons stated above, a broader TDM exception that draws a distinction between different uses may better address some of the inherent limitations of an EU Article 4-style TDM exception.

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Irrespective of which model is adopted, it is reasonable to expect that some mechanism will need to be put in place to ensure that rightsholders are fairly and efficiently remunerated for works not covered by the TDM exception adopted – whether by virtue of the scope of the exception adopted, or by exercised opt-out right.

Licensing and looking beyond copyright law

This isn't the first time copyright questions have been raised in the wake of a new technology. The current ML revolution is reminiscent of the advent of file sharing in the late 1990s, when it was (prematurely) claimed that Napster had broken copyright law.⁹⁴ Even back then, the incumbent players sued the file-sharing platform for copyright infringement, setting the stage for the music industry's inevitable transition to the current licensed streaming model.⁹⁵ The copyright law of the day drove technological and industry innovation and development, rather than other way around.⁹⁶ This ultimately saw newcomer Spotify negotiating with rightsholders to create an entirely novel platform based on intellectual property rights.⁹⁷

Much has been said already about available copyright licensing models to address the issue of rightsholders' remuneration in ML model training. Below is a brief summary of each of the main alternative licensing models.

First is individual licensing. It has been suggested that there is a renewed interest in this approach – particularly in the context of the EU's Article 4 opt-out right⁹⁸ – but due to the volume of works that constitute AI training data, and the burden and cost associated with entering into individual licences with each rightsholder, this model is simply not viable in practice.⁹⁹ If anything, such a model would likely only benefit large incumbent rightsholders holding volumes of licensable content.¹⁰⁰ This has already been seen in the US, with large news media organisations negotiating licensing deals with OpenAI.¹⁰¹

Second is collective licensing, which would require significant infrastructure to manage, and for which it is suggested there is currently no economically efficient working model.¹⁰² A voluntary regime would likely become dominated by large collective management organisations (“CMOs”), to the exclusion of:

- (1) smaller creators (some of whom may not even be identifiable); and
- (2) certain types of content not typically managed by CMOs (e.g. blogs, social media posts, etc.).¹⁰³

Whereas, under a compulsory regime, although all rightsholders would be represented by designated CMOs, such rightsholders may be precluded from licensing their works individually, or even from refusing licensing altogether.¹⁰⁴

In either case, licensing would place a premium on access to Australian content, and the additional cost to AI developers would likely make Australia less competitive amongst its global peers. For this reason, it is generally considered to be the least favourable option in much of the literature.¹⁰⁵

It has been argued that the EU's TDM exceptions constitute “a property-right approach to the regulation of AI.”¹⁰⁶ A similar argument may be made about Australia's even more restrictive copyright law. This prompts the question: is copyright law an appropriate “regulatory lever for machine learning”¹⁰⁷ at all?

Indeed, if it is a question of rightsholders' remuneration, then does copyright law offer “an adequate basis for claiming remuneration in respect of AI output”,¹⁰⁸ particularly in instances where the AI output entirely constitutes unprotected ideas?¹⁰⁹ Perhaps one ought to look outside of copyright law, and instead at the relative bargaining positions of the interested parties. In this respect, perhaps the question of rightsholder remuneration is better addressed through collective industry bargaining – i.e. between the various creative industries on the one hand, and the AI technology industry on the other.¹¹⁰

In June 2023, former Chair of the Australian Competition and Consumer Commission (“ACCC”), Professor Rod Sims AO, called for the News Media and Digital Platforms Mandatory Bargaining Code (“Code”) to be extended to apply to AI companies, like OpenAI and Google. Sims argued that expanding the scope of the Code, to facilitate commercial negotiation between AI companies and news media companies, should be favoured over the use of existing copyright laws.¹¹¹

The Code was developed by the ACCC in response to news content being linked to or appearing on Facebook and Google's digital platforms without remuneration to the rightsholders of that content. The Code mandates bargaining between news media businesses and digital platforms for remuneration for news content where such digital platforms have been formally “designated” by the Treasurer.¹¹² To date, no such designations have been made, and any bargains between news media and Google/Facebook have been made under the threat of designation.¹¹³

The Code was a “world first” legislation,¹¹⁴ which adopted the innovative approach of using competition law, instead of copyright law, “to address bargaining power imbalances so as to ensure that news businesses receive fair remuneration from digital platforms for the value their content generates.”¹¹⁵ It is an example of the growing influence of competition law in Australian media policy, as well as in the regulation of digital platforms, and the move away from copyright-oriented reforms.¹¹⁶ It is also “an example of the growing number of more interventionist policy approaches to platform

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regulation”¹¹⁷ around the world. See, for example, Canada’s similar *Online News Media Act* (2023).

Looking at The New York Times’ and Getty Images’ copyright cases against AI developers overseas, it is apparent that AI developers are receiving a commercial benefit from news and other creative content that is freely accessible online, but which news organisations and other creators are “bear[ing] the cost of producing”.¹¹⁸ It therefore follows that to have a sustainable Australian AI industry, you first need sustainable Australian news media and creative industries, being the source of high-quality ML model training data.¹¹⁹

Professor Monica Attard and Dr Michael Davis from the UTS Centre for Media Transition have argued that there are some similarities between the circumstances that gave rise to the Code back in 2021, and the use of news media in ML model training today. They suggest that, because the Code does not specify which platforms or services may be designated for mandatory bargaining, the Code could potentially be expanded to apply to AI developers.¹²⁰

Indeed, recent developments in the digital platform space illustrate this point. Mention has already been made of Google’s Gemini-powered search engine.¹²¹ Facebook’s Meta AI performs the same content-summarisation function for news and other content, again removing the need for users to click through to the actual content.¹²² This is, of course, interesting considering that Facebook has blocked news content in Canada in response to their *Online News Media Act*,¹²³ and has publicly stated that it would not renew agreements with Australian news media organisations entered into in response to the Code.¹²⁴ As GenAI is incorporated more and more into digital platforms, users will be more likely to remain within the platform ecosystem, reducing traffic and revenue to websites containing news media and other creative content.¹²⁵

This raises an important policy question – namely, is there any difference between the likes of Facebook and Google hosting news and other content on their social media platforms, and those same technology companies using AI to summarise news and other content on those same platforms? Further, a string of recent announcements by OpenAI demonstrate that there is already a move towards negotiated licensing between large news media and AI developers, with deals being struck with News Corp,¹²⁶ Vox Media,¹²⁷ and The Atlantic¹²⁸ for access to their news content.

The expansion of the Code to include AI developers could be one way of addressing bargaining power imbalances between the AI technology industry and the news media industry. This would be particularly so for smaller news industry players who lack the bargaining power to negotiate favourable terms. Indeed, from a policy perspective, the issue of a handful of large AI companies taking commercial advantage of other parties’ intellectual property, to the commercial detriment

of those parties (and in some instances even substituting for the other parties’ content), is the very kind of issue that the Code was intended to address. It may be time, therefore, to revisit the Code, or some similar bargaining scheme, with this newer context in mind.

Of course, the Code in its current form has some significant shortcomings that would affect its suitability in this respect. The Code has been criticised for being “over-interventionist ... ambiguous and politically driven”.¹²⁹ These criticisms are not entirely unfounded and could arguably apply to any such bargaining scheme.

It is also the case that, in practice, the Code has benefited larger news media companies, further entrenching their incumbent positions. This has disadvantaged smaller news media companies that have had limited opportunity to collectively bargain under a Code that, because of the lack of any designation of digital platforms, is effectively unenforceable.¹³⁰ This could be addressed by:

- (1) specifically making provision for smaller players, similar to Canada’s *Online News Media Act*;¹³¹ and
- (2) formally designating AI developers under the Code.

But as has been seen with Facebook in Canada,¹³² this may have the potential to drive AI developers away from using local content. Further, there has been no transparency around the nature or value of bargains struck between news media and digital platforms, on confidentiality grounds, which has further made it difficult for smaller news companies to negotiate fair deals.¹³³ Again, the Canadian *Online News Media Act*, which contains more transparency provisions, may provide some guidance in this respect.¹³⁴

Finally, and most obviously, the Code only contemplates news media content. It may be open to Australian law and policymakers, therefore, to consider similar mandatory bargaining schemes for other types of creative content, or other creative industries, such as literature, music and art.

One thing to keep in mind in all of this is that any mandatory bargaining scheme would have the same effect as a compulsory copyright licensing scheme, as discussed earlier – that is, imposing an additional bargaining obligation and cost on AI developers seeking to use Australian content. This article has already discussed the potential negative implications of this for a local AI industry. Irrespective, there is a clear move towards negotiated bargaining with AI developers, and there is good justification for adopting a broader licensing or bargaining model to facilitate efficient remuneration for content creators more broadly.

Conclusion

If the Australian Government is serious about achieving its goal of Australia being a global leader in AI development, Australia’s copyright law is not currently fit for this purpose.

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The fundamental challenge for Australian law and policymakers is striking the right balance between the perceived public interest in facilitating continued AI development by enabling access to high quality training data, against the rights of creators to be fairly remunerated for their work. For the reasons outlined in this article, Australia's copyright law fails to strike this balance, being too restrictive when compared to key overseas jurisdictions, and potentially acting as a disincentive to invest in AI development locally.

In this respect, this article proposes a two-limb approach to increasing Australia's attractiveness for local AI investment and development.

First is copyright law reform, adopting perhaps most appropriately a TDM exception for both commercial and non-commercial use. Consideration should be given to the benefits and costs of including an opt-out right in favour of rightsholders, which would need to be supported by a transparency requirement.

Second is a regime that facilitates collective bargaining between rightsholders and AI companies. For the reasons discussed above, in addition to considering available collective copyright licensing models, Australian law and policymakers should also look at this issue as one of remuneration and the relative imbalance in bargaining power between players. This may be a more efficient way of ensuring that rightsholders are fairly compensated for their works, whilst allowing AI developers access to high quality training data. Accordingly, this article recommends that inspiration be taken from the Code, although significant modification would be required to address the inherent limitations in that model. Or, perhaps more suitably, an entirely new regime with broader application to various creative industries would need to be developed with these principles in mind.

In its 2024 report, the Productivity Commission noted:

*Australia has historically lagged behind major economies in allowing for TDM exceptions from copyright for research purposes, and has fallen further behind as jurisdictions update their regulations to meet the opportunities of AI.*¹³⁵

If Australia wants to benefit from the productivity and efficiency gains that AI promises, rather than wait for the courts to retrofit existing copyright law into this emerging space, law and policy reform is the essential first step. Australian law and policymakers must proactively build upon existing regimes to avoid the inevitable "Napster effect", and instead drive the development of a leading Australian AI industry.

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Going Green: Green Trade Marks and the Risks of Greenwashing

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Abstract

Environmentally conscious consumers are driving the demand for eco-sensitive goods and services, encouraging many businesses to go “green”. The presence of environmental words, images and “green” elements in marketing and in Australian trade mark applications are on the rise. This article considers the current position in respect of greenwashing (the term used to describe false or misleading environmental claims) and green trade marks in Australia and abroad, the implications of “going green” on trade marks and proposes some options for reform, bearing in mind the need to strike a balance between the purpose of trade marks and the risks of greenwashing.

Introduction

In the context of climate change, consumers are becoming more aware of the impact their consumption and purchasing decisions have on the environment. Many consumers are now actively seeking out goods and services which will minimise, if not mitigate, their environmental footprint and impact.² This shift towards more considered purchasing means that businesses are increasingly using words and abbreviations such as “Eco-”, “Bio”, “Sustainable” and “Enviro-”, the colour green and nature-based imagery to market their goods and services.³

Green elements or signs are now becoming a common feature in Australian trade mark applications.⁴ This trend has also been reflected internationally, with some overseas trade mark registries reporting similar increases.⁵ Australia’s intellectual property framework is not expressly designed to scrutinise the validity of “green” marks – there is currently no specific regulation of, or restriction on, the use of green descriptors in Australian trade mark applications. Although there is a prohibition against a trade mark being contrary to law,⁶ the *Trade Marks Act* 1995 (Cth) (the “Act”) does not specifically preclude the registration of “green” trade marks provided the threshold requirements for registration have otherwise been met. Accordingly, in the current climate, it is timely to consider whether specific regulation is required to help minimise the greenwashing risk posed by “green” trade marks and branding.

Trade mark law framework

The Act provides:

*s 6: A sign includes the following or any combination of the following, namely, any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent or combination thereof.*⁷

*s 17: A trade mark is a ‘sign’ used, or intended to be used, to distinguish the goods and/or services from the goods and/or services so dealt with or provided by another.*⁸

Distinctiveness is central to a trade mark’s registrability and ability to act as a badge of origin.⁹ A trade mark will not be considered inherently “distinctive” if it is something other traders may legitimately want to use.¹⁰ It is well established that not all uses of a particular sign will satisfy the requisite use “as a trade mark”.¹¹ In order to constitute use as a trade mark the trade mark must be used as a “badge of origin” to indicate a connection in the course of trade between goods and/or services and their trade source.¹² This is the so-called “branding function” of a trade mark.¹³






In addition to performing their important function as a badge of origin, trade marks can also convey a level of authenticity and legitimacy when applied to goods and services. This is particularly the case where trade marks incorporate or are used in connection with advertising claims made on, or in relation to, those goods or services. Although standard trade marks are not used to indicate to consumers that goods or services meet a particular standard, confusion may nevertheless arise due to consumer reliance on the impression conveyed by the mark. This is especially true for green trade marks.

Certification trade marks

Unlike a standard trade mark, a certification trade mark is a mark issued as an assurance or certification of quality, accuracy or some other characteristic, including (in the case of goods) origin, material or mode of manufacture.¹⁴ Importantly, certification trade marks can only be used on goods or services that meet the relevant standard or criteria, as set out in the rules for that particular mark.¹⁵ These rules are supplied to IP Australia and must be approved by the Australian Competition and Consumer Commission (“ACCC”).¹⁶ In reviewing the rules, the ACCC must have

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regard to principles relating to competition, unconscionable conduct and consumer protection concerns.¹⁷ Certification trade marks may confer a marketing advantage in circumstances where prospective consumers are aware of, or familiar with the mark, and place value on the standard or quality that it represents.¹⁸ Given the rules are approved by the ACCC, green certification trade marks have the potential to minimise the risk of greenwashing. Examples of green certification trade marks include the following:

No.	Owner	Certification Trade Mark	Class
1374079	Ecospecifier Pty Ltd		2, 3, 6, 9, 11, 17, 19, 20, 22, 24, 27
1736972	Organic Industry Standards and Certification Council Inc		1, 3, 5, 23, 24, 25, 29, 30, 31, 32, 33
2168755	Rainforest Alliance, Inc.		3, 5, 16, 17, 20, 29, 30, 31, 32
2217591 (application being considered)	Australasian Bioplastics Association Incorporated		8, 16, 17
2400928 (application being considered)	Australasian Bioplastics Association Incorporated		8, 16, 17, 18, 19, 20, 21, 22, 23

“Green” trade marks

The word “green” has come to mean more than the colour. “Green” has become synonymous with protecting the environment and is arguably the poster word for a range of Environmental, Social and Governance (“ESG”) activities, from nature preservation to green investment.¹⁹ While there is currently no legislative definition in the Act of what amounts to a green trade mark, it commonly refers to a mark that uses green attributes or other credentials

to convey or suggest that the good or service is beneficial to the environment. Green attributes may include words (“Eco-”, “Enviro-”, “Sustainable”, “Bio”), colours (green) or imagery (leaves, plants, trees, arrows or triangles suggestive of circularity or recyclability).

The exclusivity of registration conferred by trade mark law arguably allows trade mark owners to capitalise on green trade marks and enable them to charge a premium for their so-marked green goods and services.²⁰ Whether this is problematic or not depends on the circumstances. For example, the use of green trade marks to promote environmentally sustainable products or services is unlikely to be problematic from a consumer law perspective. However, it is easy to see that issues can arise where there is a disconnect between the “greenness” implied by the mark and the actual “greenness” of the goods or services to which it is applied. The problematic nature of such use may be heightened when a green trade mark is used in conjunction with the house brand or green get-up and packaging, and other marketing statements. As greenness is not an intrinsic value of a standard trade mark, in the way that it may be for a green certification trade mark, trade marks featuring green elements run a risk of misleading consumers or “greenwashing”.²¹

Greenwashing and its regulation

Greenwashing is the misrepresentation of the extent to which a product or service is environmentally or climate friendly, sustainable or ethical.²² As noted above, the incentive to make claims of this kind arises from increased market interest in, and subsequent demand for, green goods and services.²³ Greenwashing is harmful to consumers and businesses, and can lead to economic (as well as environmental) harms by reducing consumer confidence and causing market inefficiencies and inequalities.²⁴

ACCC’s role

The ACCC has an important role to play in relation to monitoring environmental claims and regulating the practice of greenwashing. The ACCC’s role includes:

- enforcement of the prohibitions in the ACL on businesses engaging in misleading and deceptive conduct, or making false and misleading representations about goods or services,²⁵ and
- assessment of certification trade mark applications under the Act to ensure the rules for the use of a certification mark are satisfactory.

The ACCC has been actively investigating businesses in respect of suspected greenwashing conduct, wherein greenwashing is a 2023-24 enforcement priority for the ACCC.²⁶ Following an internet sweep in 2022 (the results of which were published in 2023), the ACCC found that “more than half of the businesses reviewed made concerning claims about their environmental or sustainability practices”.²⁷

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In particular, the ACCC sweep found that the cosmetic, clothing and footwear, and food and drink sectors provided the highest incidence of concerning green claims among the industries targeted in the sweep.²⁸ ACCC Deputy Chair Catriona Lowe stated in respect of the sweep that:

[c]onsumers are now, more than ever, making purchasing decisions on environmental grounds. Unfortunately, it appears that rather than making legitimate changes to their practices and procedures, some businesses are relying on false or misleading claims. This conduct harms not only consumers, but also those businesses taking genuine steps to implement more sustainable practices.²⁹

The ACCC identified a number of key issues in respect of greenwashing following the sweep, including that greenwashing may take various forms including vague and unqualified claims (e.g. “Green”, “Eco-friendly” and “Sustainable”), absolute claims (e.g. “100% Plastic Free”, “100% Biodegradable” and “Zero Emissions”) and images which appeared to be “trust marks” (e.g. nature-based imagery and use of the colour green). The ACCC also identified that many businesses claimed to be affiliated with certification schemes and used certification trade marks, but ultimately failed to identify how their business complied with these schemes. The results of the ACCC internet sweep are consistent with a similar sweep conducted by the International Consumer Protection Enforcement Network in conjunction with the European Commission and national consumer authorities.³⁰ The 2021 report arising from the sweep found that 42 per cent of claims were exaggerated, false or deceptive and had the potential to be construed as unfair commercial practices under the relevant European Union rules.³¹

Prohibition on greenwashing under the ACL

The ACL applies to all forms of marketing and advertising and relevantly includes claims on packaging and labelling. Any environmental claims included in this way will therefore be subject to the ACL.³² The ACL contains broad prohibitions on misleading and deceptive conduct and the making of false or misleading representations.³³ Conduct will be considered likely to mislead or deceive if there is “a real or not remote possibility” that members of its target audience have been misled.³⁴ Prohibited representations relevant to environmental claims include false or misleading representations that:

- goods are of a particular standard, quality, value, grade, composition, style or model;³⁵
- services are of a particular standard, quality, value or grade;³⁶ and
- goods or services have sponsorship, approval, performance characteristics, accessories, uses or benefits they do not.³⁷

The findings of the ACCC’s internet sweep demonstrate that many businesses may be in breach of a number of

these provisions. Absolute claims, general or unqualified statements are ripe for scrutiny under s.29(1)(a) of the ACL, wherein the unauthorised or indiscriminate use of a green certification trade mark is likely to enliven s.29(1)(g).

Examples of litigation relating to or involving greenwashing include:

- *ACCC v SeNevens International Ltd; Seneviratne* (2008) TAD34/2008: SeNevens had marketed its “Safeties Nature Nappy” and “Nappy Bag” products as “100% biodegradable”. The ACCC commenced proceedings, alleging breach of ss.52 and 53(a) and (c) of the former *Trade Practices Act* 1974 (Cth) (now the “ACL”). The parties entered consent orders, declaring that the “100% biodegradable” claim was false and misleading because the goods contained fossil-fuel based plastic polymers that are not capable of being broken down by biological activity of living organisms within a reasonable time.
- *Australian Competition and Consumer Commission v Woolworths Group Ltd (Formerly Called Woolworths Ltd)* (ACN 000 014 675) (2020) 415 ALR 356 (“*Woolworths*”): the ACCC commenced proceedings against Woolworths in relation to the labelling of Woolworths’ Select Eco disposable crockery and cutlery as “Biodegradable and Compostable”. The ACCC contended that these were representations as to future matters per s.4 of the ACL, and that Woolworths did not have reasonable grounds for making those representations. Alternatively, the ACCC argued that the representations were false and misleading because the products did not biodegrade or compost within a reasonable period of time. The Full Court of the Federal Court of Australia held that there was no breach of the ACL as the representations were not as to future matters:³⁸

Section 4 of the ACL does not operate on truthful statements about presently measurable and provable scientific characteristics or properties such as flammable, recyclable and biodegradable. Rather, section 4 is concerned with predictions, promises, forecasts and other like statements which are directed to circumstances or events which may or may not happen in the future but which cannot be proven to be true or false at the time when they are made.

Labelling products as “biodegradable and compostable” were representations as to present facts, regarding the capability of the products to biodegrade or become compostable, being about the inherent qualities of the product; there was no requirement for the products to biodegrade or compost within a reasonable time.

- *ACCC v Kimberly-Clark Australia Pty Ltd* [2020] FCAFC 107: the ACCC commenced proceedings against Kimberly-Clark alleging it had engaged in

misleading and deceptive conduct in relation to representations made on the product packaging and website in relation to its “flushable wipes”. The ACCC alleged breach of ss.4, 18, 22 and 29 of the ACL. Broadly, the misrepresentations alleged by the ACCC related to the suitability of the wipes to be flushed down toilets. Specifically, the ACCC alleged that the representations comprised forecasts or predictions about how the wipes would behave once flushed and upon entering the wastewater network and related to the benefits or characteristics of the wipes that would be exhibited once they were used. The representations were about the performance of the product at a future point in time. The Full Court found that an ordinary consumer would understand “flushable” to mean wipes that were intended and suitable to be flushed down the toilet and into the sewerage system. The term “flushable” described a characteristic of the wipes’ suitability for flushing and did not constitute a representation as to a future matter. The suffix “-ble” means “able to be” and it is an assertion as to the present, rather than future tense. Kimberly-Clark was found to have had reasonable grounds for making the representation.

- *RB (Hygiene Home) Australia Pty Ltd v Henkel Australia Pty Ltd* [2024] 302 FCR 285: the case related to shape trade marks in respect of the Finish Powerball dishwashing tablet. From an ACL perspective, RB (Hygiene Home) alleged that Henkel had breached ss.18 and 29(1)(a) and (g) of the ACL on the basis of a representation to consumers that SE Gelcaps were wholly biodegradable by virtue of the use of a biodegradability device on the packaging. The biodegradability device was about the size of a 10-cent piece on the foil bags and a 5-cent piece on the tubs containing the dishwashing tablets. The device included text reading “biodegradable” at the top of the circle and “100% water-soluble film” at the bottom of the circle. The text was white against a green background. The primary judge found that there was no breach of the ACL. On appeal, the Full Court held that the biodegradability representation was conveyed by the biodegradability device, and accordingly the respondents had engaged in conduct contravening ss.18 and 29(1)(a) and (g) of the ACL.³⁹

ACCC greenwashing guidelines

In December 2023, the ACCC published its guidance *Making environmental claims: A guide for business* (“ACCC Greenwashing Guidelines”). The guidance explains the obligations under the ACL which businesses must comply with when making environmental and sustainability claims in relation to goods and services offered in the course of trade.⁴⁰ In particular, it sets out what the ACCC considers to be misleading conduct and good practice when making such

claims. The ACCC Greenwashing Guidelines are intended to help businesses provide clear, accurate and trustworthy information to consumers about the environmental performance of their business.⁴¹

The guidance includes eight key principles for trustworthy environmental claims. These are:

1. make accurate and truthful claims;
2. have evidence to back up these claims;
3. do not hide or omit important information;
4. explain any conditions or qualifications that effect the claims;
5. avoid broad and unqualified claims;
6. use clear and easy to understand language;
7. visual elements should not give the wrong impression; and
8. be direct and open about any environmental transition.

Environmental claims in advertisements

The Australian Association of National Advertisers (“AANA”) has also recognised that as consumers become more conscious of their impact on the environment, so too does the use of environmental claims in advertising.⁴²

Australia’s advertising regulator, Ad Standards,⁴³ states that “[a]dvertisers have an obligation to be truthful in their claims and must not mislead or deceive consumers on the environmental benefits of their products and services”.⁴⁴ As advertising content in Australia is regulated through a system of self-regulation, the AANA works with industry and the community to develop appropriate rules (expressed as a code) in this context.⁴⁵ Similar to the ACCC Greenwashing Guidelines, truthful and factual representations, a genuine benefit to the environment, and substantiation are key elements of the AANA Environmental Claims Code (the “Code”).⁴⁶ The Code was adopted by the AANA as part of its advertising and marketing self-regulation. The objective of the Code is two-fold. First it is designed to ensure that advertisers and marketers develop and maintain rigorous standards to be adhered to when making environmental claims, and secondly it is intended to increase consumer confidence in such advertising and marketing, to the benefit of the environment, consumers and industry.⁴⁷ The Code is accompanied by a Practice Note which provides guidance to advertisers, as well as complainants.⁴⁸ The Code must be applied by the Advertising Standards Board when making determinations in respect of environmental claims.⁴⁹

Impact of “going green” on trade marks

The rise in environmentally conscious consumers and the commensurate demand for sustainable practices makes “going green” an attractive option for businesses and IP rights holders. At present, there are no specific rules or guidelines relating to the registration of green trade marks in Australia. Indeed, a green trade mark is assessed by reference to the same set of standards that apply to all trade marks.

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A key risk posed by green marks is that of greenwashing. This risk is greatest where there is a disconnect between the representation conveyed and the actual “greenness” of the goods and services. The overzealous or inappropriate use of a green mark may also amount to greenwashing, especially in circumstances where consumers are time poor or make fast purchasing decisions, making it difficult for consumers to verify the accuracy of the implications of green trade marks.

Sections 42(b) and 43 of the Act provide the Registrar (or opponent) with the opportunity to consider the proposed use of a green trade mark, including whether such use may amount to greenwashing. As has been acknowledged by other commentators,⁵⁰ a practical issue is that these grounds are more commonly canvassed during opposition, rather than examination, meaning that marks prone to greenwashing risks may (particularly if unopposed) nevertheless sail through to registration. It has also been suggested that through their use, green trade marks can, in effect, “legitimise greenwashing” given the influence of green labelling.⁵¹ While such risk is possible, it will depend on the specific circumstances in which the green trade mark is used. It is clear that the ACCC is alive to this issue and will continue to monitor the use of green trade marks and labelling in order to protect consumers and business owners, including to prevent businesses who genuinely adhere to environmental and sustainable practices from being disadvantaged by the greenwashing use of green trade marks by their competitors.

Separate to issues of greenwashing, the increased use of green signs and trade marks is also likely to give rise to challenges in the context of trade mark registration and enforcement. It can be expected that the rise of green trade marks on the Register will mean that applicants will face increased citations and objections to the registration of green word marks. Additional distinctive elements, including nature-based imagery (trust marks),⁵² may need to be adopted to facilitate trade mark registration, leaving the brand owner with a potentially weaker trade mark to enforce against competitors. Further, green-formative logo marks that incorporate nature-based imagery may be more susceptible to greenwashing if consumers are misled into believing that the standard trade mark is a certification trade mark.

We canvass below some impacts “going green” may have on trade mark validity and registrability.

- **Section 41:** a tension between distinctiveness and descriptiveness will arise for green trade marks, where the good or service is “environmentally” friendly. For such marks, evidence of acquired distinctiveness may be required to achieve registration.⁵³ It is also foreseeable that green trade marks may be more difficult to register under s.41(1) if the market becomes flooded with green or green-formative marks. As illustrated in the case of *Jaimex Nominees Pty Ltd v Bamboo Babe Pty Ltd* [2021] ATMO 24

(“*Jaimex*”), a coined green mark may strike the right balance for s.41. In *Jaimex*, the Delegate found that the mark “earthify” was distinctive in respect nappies, pads and disposable underpants.⁵⁴ By contrast, the phrase “GO FOAM FREE” in respect of plastic trays used in food packaging was found not capable of distinguishing. The Delegate considered that the phrase “GO FOAM FREE” was an emotive direction to do something (i.e. to use foam free food packaging) and as such, it was found to be an expression that other traders who produce and market foam-free products might legitimately wish to use.

- **Section 42(b):** an application to register a green trade mark must be rejected under s.42(b) of the Act if the Registrar is satisfied that its use would be contrary to law. A typical s.42(b) objection can arise where the use of the mark would be misleading or deceptive in breach of the ACL.⁵⁵ In this way, the Act provides an inherent protection against confusion or misleading and deceptive conduct. However, the decision in *Woolworths* provides a good example of how not all uses of popular “green” terms may amount to a breach of the ACL. The outcome in *Woolworths*, which was largely influenced by the way the case was pleaded, suggests that it may be acceptable to label a product as “biodegradable” if it has the ability to biodegrade, notwithstanding the time it would take to biodegrade or whether it adheres to any biodegradability or composability standards.⁵⁶

The potential for a green trade mark to mislead or deceive consumers about the “green” nature of goods and services was also recently considered in *One Green Cup Pty Ltd v The Green Cup Pty Ltd* [2024] ATMO 77. The Delegate held that use of the opposed mark, “GREEN CUP” in classes 29, 30, 32, 35 and 42, would not be contrary to law under s.42(b). The Delegate placed weight on the fact that the mark was GREEN CUP, not just GREEN, and the applicant’s goods did not cover cups. Further, the Delegate was satisfied that the applicant’s goods or services were not in some way environmentally friendly and therefore, use of GREEN CUP did not pose a risk of consumers being misled and deceived, let alone confused. The Delegate stated: “The fact is that not all use of the word GREEN by traders is to signify that something is environmentally friendly”.⁵⁷

- **Section 43:** an application for the registration of a trade mark must be rejected if, because of some connotation in the trade mark, its use in relation to those goods or services would be likely to deceive or cause confusion.⁵⁸ Section 43 is particularly relevant to trade marks that use green prefixes such as “Eco-” and “Bio-” and marks that incorporate nature-based imagery or the colour green. For example, use of

these green signs on a mark to be applied to fossil fuels and petrochemicals, or services such as mining, may give rise to a s.43 objection.

- **Section 44:** the increase in green trade marks on the Register is likely to correlate to increased objections being raised during examination or opposition. This issue was considered in *Jalco Australia Pty Limited v Autotech Group Australia Pty Ltd* [2018] ATMO 70 (“*Jalco*”) which considered the “GREEN-” formative marks applied in relation to Class 3 goods. In *Jalco*, the Delegate stated that the word “GREEN” is commonly used to describe products and services that are environmentally friendly and apt to describe Class 3 goods. At the time, there were about 150 registrations covering Class 3 goods for marks featuring the word element “GREEN”. In this case the word “GREEN” was considered descriptive or otherwise common to the trade for Class 3 goods. The later mark was therefore not deceptively similar under s.44(1) and the opposition was unsuccessful.
- **Section 60:** as with s.44, s.60 objections are likely to increase for green trade marks given the rise in the use of green and green-formative marks and green marketing. In *Bio Living International Pty Ltd v Deborah Ann Cardona* [2018] ATMO 100, the marks shared the distinctive words “BIO LIVING” as well as the abstract representation of a leaf placed over the words. The additional element of the word “ORGANIC” in the opposed mark did not aid in distinguishing the goods and was considered consonant with the words “BIO LIVING”. Given the strong reputation of the opponent, confusion or deception was found to be likely and the opposition was upheld.



1 Refused (AU TM 1776388)



2 Prior mark (AU TM 1807382)

Overseas trends

Europe

The European Union Intellectual Property Office (“EUIPO”) defines “green” EU trade marks as “those applications that contain at least one ‘green’ term in their goods and services descriptions” where “[g]reen terms are expressions in the goods and services description that are related to the protection

of the environment and to sustainable development”.⁵⁹ The EUIPO’s recent reports into green EU trade marks confirm that the filings for “green” trade marks have increased significantly over the last 25 years. In 2021, 21,281 green trade marks were filed with the EUIPO across the categories of energy conservation, energy production, environmental awareness, pollution control, reusable, transportation, waste management, agriculture and climate control.

In March 2022, the European Commission adopted a proposal for a new directive to empower consumers for the “green transition”.⁶⁰ The proposal includes changes to the existing Unfair Practices regime, including to prohibit the use of environmental claims relating to the future performance of products unless they are able to be readily verified by consumers, and a prohibition on the use of sustainability labels which are not associated with a certification scheme. In March 2023, a further proposal was made in support of these proposed changes – the Green Claims Directive.⁶¹ The Directive includes further requirements in respect of environmental labels, whereby Member states would be required to validate the establishment of any eco-labelling schemes – effectively prohibiting self-certification.⁶²

These proposals form part of the EU’s broader sustainability framework which also includes the European Green Deal – one of the most comprehensive legislative frameworks for the prevention of greenwashing in any jurisdiction. The framework includes proposed legislative and non-legislative efforts to reduce the risk of false green claims (greenwashing), including by requiring companies to substantiate environmental claims, with the intention of providing consumers with reliable, comparable and verifiable information on the environmental attributes and impacts of such products.⁶³ Through the European Green Deal and its many policy elements, including the proposals regarding the Green Claims Directive, the EU has been actively building statutory greenwashing prohibitions into broader policy, including with regard to the role of trade marks in this context.⁶⁴

United Kingdom

Similar to Australia, protections against greenwashing in respect of trade marks in the UK are dealt with in the context of validity, whereby green trade marks have been refused due to lack of distinctiveness. These are typically marks that incorporate “green” signs, with examples of refused marks in the jurisdiction including “GO GREEN” for clothing, “GREEN TEC” for mobile phones, “LIVE GREEN” for beauty products and “ECO BIB” for baby bibs.⁶⁵

In response to its 2021 report which found that 40 per cent of firms globally had made green claims which could be considered to be misleading, the Competition and Markets Authority introduced a set of guidelines known as the UK Green Claims Code (the “UK Code”), designed “to improve the accuracy of environmental reporting and clamp down on greenwashing as businesses come under harsher scrutiny for

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false sustainability claims”.⁶⁶ The UK Code sets out how the UK’s consumer protection legislation should be applied to environmental claims made in the course of trade.⁶⁷

The UK Code, which aligns with the ACCC Greenwashing Guidelines, outlines succinct descriptors necessary for sustainability claims to maintain transparency and avoid the greenwashing label.⁶⁸ The six key points include that:

1. claims must be truthful and accurate;
2. claims must be clear and unambiguous;
3. claims must not omit or hide important relevant information;
4. comparisons must be fair and meaningful;
5. claims must consider the full life cycle of the product or service; and
6. claims must be substantiated.

Reform options

It is clear that green marketing has a strong impact on environmentally conscious consumers and in certain circumstances may have the propensity to enable the practice of greenwashing to flourish.

The real and tangible risk posed by such conduct underpins the current Commonwealth Senate Parliamentary Inquiry into greenwashing. On 29 March 2023, the Senate referred an inquiry into greenwashing, particularly in respect of claims made by companies, the impact of these claims on consumers, advertising standards, and legislative options to protect consumers.⁶⁹ The inquiry has received numerous submissions, including from the ACCC and the Law Council of Australia.⁷⁰ The terms of reference of the inquiry are broad and include consideration of environmental and sustainability claims made by companies in various industries including in respect of household products, food and drink, cosmetics, clothing and footwear; the impact of misleading environmental and sustainability claims on consumers; domestic and international examples of regulating companies’ environmental and sustainability claims; advertising standards in relation to environmental and sustainability claims; and legislative options to protect consumers from greenwashing in Australia.⁷¹ The outcomes of the inquiry are due to be published on 20 November 2024.⁷²

In the context of trade marks, the preceding analysis demonstrates that the current legislative regime is not specifically designed to handle green trade marks. While the Act does contain some protections against greenwashing, a question arises as to whether reform is required to specifically regulate and scrutinise green trade marks.⁷³ A few reform options are available, each of which is designed to strike a balance between the purposes of trade mark protection and the risks posed by greenwashing. These reform options include:

1. **IP Australia to issue a set of guidelines for green trade marks:** the simplest approach may be for IP Australia to

create its own “green” guidelines within the trade mark Examiner’s manual (similar to the ACCC’s guidance and the Advertising Code) to clearly and uniformly articulate how the existing provisions, as they currently stand, can be used to regulate green marks. Such guidelines could provide a definition of what constitutes a green trade mark and identify factors that applicants should consider when seeking to register a green mark. In this respect, the definition adopted by the EUIPO may provide a good starting point for clarifying the meaning of “green” in this context and its boundaries.⁷⁴ The guide could also identify certain classes where use of the word or reference to green may be descriptive.⁷⁵ The guidelines could also provide examples of accepted and refused green marks and the reasons for their refusal, thereby helping applicants navigate the tension created between distinctiveness (and greenwashing risks) and descriptiveness for green marks.

2. **Trade mark applicant must confirm that its use (or proposed use) of the green mark would not be contrary to law, specifically not amount to greenwashing:**⁷⁶ offering administrative simplicity, this option is a step in the right direction, as it requires the applicant to positively confirm the mark will not be used in a way that is likely to cause consumer confusion. An obvious downside, however, is the risk that the confirmation (or declaration) becomes merely a box that is “ticked” as part of the application process. This option may also create uncertainty as to whether the applicant needs to seek legal advice before making the declaration or confirmation.
3. **Trade mark applicant must provide examples of its proposed use:**⁷⁷ requiring an applicant to provide evidence of its proposed use, so that the Australian Trade Mark Office (“ATMO”) can be satisfied such use does not amount to greenwashing, would assist the ATMO to make better informed decisions under s.42(b). We consider that requiring applicants to substantiate any green claims so that the application is subject to the same or similar scrutiny as certification trade marks is, however, a step too far.⁷⁸ Such an approach also creates a tension with the function of trade marks to be distinctive, not descriptive.
4. **Limit the use of nature-based imagery associated with trust marks to certification marks:** as noted above, the ACCC’s internet sweep identified that many businesses used logos or symbols on their websites and packaging that appeared to be trust marks, but in fact were not associated with a certification scheme. Similarly, a report commissioned by Consumer Policy Research Centre found that of the Australians surveyed, 69 per cent were likely to be influenced by the presence of a trust mark about a green claim.⁷⁹ Limiting the use of certain imagery, symbols or logos typically associated with green certification marks would help reduce consumer confusion and risks posed by green logo marks.

5. **Prohibit the use of green trade marks for certain types of goods or services:** the use of green trade marks for goods or services that are not inherently “environmentally friendly” is more likely to give rise to greenwashing. Whether a blanket prohibition is appropriate requires further investigation, including into the prevalence of the use of green marks for non-environmentally friendly goods or services and whether consumers would likely be misled or deceived by the use of such marks in these circumstances.

Ultimately, improving the scrutiny and use of green trade marks will not only benefit consumers, but businesses who make genuine green claims – enhancing competition and enabling markets to accurately respond to consumer demand.

- 1 Rachelle Downie is a Special Counsel in the IP litigation team at Corrs Chambers Westgarth and Teisha Deckker is a Lawyer at Corrs Chambers Westgarth.
- 2 Research from the Consumer Policy Research Centre indicates that 45 per cent of Australians consider sustainability when making purchasing decisions (see Consumer Policy Research Centre, ‘The Consumer Experience of Green Claims in Australia’ (Report, December 2022) 6).
- 3 See IP Australia, *Australian Trade Marks Manual of Practice and Procedures*, 22.14 New terminology and “fashionable” words <<https://manuals.ipaustralia.gov.au/trademark/14.-new-terminology-and-fashionable-words>>.
- 4 For example, between 1 January 2023 and 31 December 2023, 571 applications featuring the words “ECO” (exact), “ECO” (prefix), “GREEN” (part) or “GREEN” (exact) were filed with IP Australia (see IP Australia, Advanced Search <<https://search.ipaustralia.gov.au/trademarks/search/result?s=f2917ac6-6376-42da-a952-1995ef5146f1>>). Of these applications, 360 proceeded to registration (see <<https://search.ipaustralia.gov.au/trademarks/search/result?s=717a20b0-85e7-4e2b-87e5-cff41a615116>>).
- 5 See European Union Intellectual Property Office, *Green EU trade marks – 2023 update* (Report, April 2024) <<https://www.euipo.europa.eu/en/publications/green-eu-trade-marks-2023-update>>.
- 6 *Trade Marks Act 1995* (Cth) s 42(b).
- 7 *Trade Marks Act 1995* (Cth) s 6.
- 8 *Trade Marks Act 1995* (Cth) s 17.
- 9 *Trade Marks Act 1995* (Cth) ss 33 and 41.
- 10 See *Clark Equipment Co v Register of Trade Marks* (1964) 111 CLR 511; *Cantarella Bros Pty Ltd v Modena Trading Pty Ltd* (2014) 254 CLR 337.
- 11 *Trade Marks Act 1995* (Cth) s 17.
- 12 *Coca-Cola Co v All-Fect Distributors Ltd* [1999] FCA 1721, [19] affirmed by the High Court of Australia in *E&J Gallo Winery v Lion Nathan Australia Pty Ltd* (2010) 241 CLR 144, [43].
- 13 See *Anheuser-Busch, Inc v Budejovický Budvar, Národní Podnik & Ors* [2002] FCA 390; *Alcon Inc v Bausch & Lomb (Australia) Pty Ltd* [2009] FCA 1299.
- 14 *Trade Marks Act 1995* (Cth) s 169.
- 15 *Trade Marks Act 1995* (Cth) s 173.
- 16 *Trade Marks Act 1995* (Cth) ss 174 and 175.
- 17 As set out in the *Competition and Consumer Act 2010* (Cth).
- 18 Australian Competition and Consumer Commission, *Certification Trade Marks – The Role of the ACCC* (2011) <https://www.accc.gov.au/system/files/Certification%20Trade%20Marks_0.pdf>.
- 19 In relation to the offer and promotion of financial products, the Australian Securities and Investments Commission (“ASIC”) describes greenwashing as the practice of misrepresenting the extent to which a financial product or investment strategy is environmentally friendly, sustainable or ethical. For more information about ASIC’s enforcement focus in relation to greenwashing, see ASIC ‘How to avoid greenwashing when offering or promoting sustainability-related products’ (Information Sheet 271) <<https://asic.gov.au/regulatory-resources/financial-services/how-to-avoid-greenwashing-when-offering-or-promoting-sustainability-related-products/>>.
- 20 Wenting Cheng, ‘Towards a Regulatory Instrument for the Green Economy: Green Trade Marks and Associated Challenges’ (2023) *European Intellectual Property Review* 45(6), 348.
- 21 The absence of a registration requirement to verify whether the goods or services covered by the mark are “actually green” is unsurprising given the purpose of trade marks.
- 22 Law Council of Australia, Submission No 119 to Senate Standing Committees on Environment and Communications, *Inquiry into Greenwashing* (18 August 2023) 6.
- 23 Law Council of Australia, Submission No 119 to Senate Standing Committees on Environment and Communications, *Inquiry into Greenwashing* (18 August 2023) 8.
- 24 For example, by preventing the emergence of new markets because businesses do not have the certainty to encourage investment or businesses may be competitively disadvantaged by false or misleading “green” claims made by competitors.
- 25 See Australian Competition and Consumer Commission, Submission No 60 to Senate Standing Committees on Environment and Communications, *Inquiry into Greenwashing* (22 June 2023) 5 <<https://www.accc.gov.au/system/files/ACCC%20submission%20-%20Senate%20inquiry%20into%20Greenwashing%20-%2022%20June%202023.pdf>>.
- 26 See Australian Competition and Consumer Commission, Submission No 60 to Senate Standing Committees on Environment and Communications, *Inquiry into Greenwashing* (22 June 2023) <<https://www.accc.gov.au/system/files/ACCC%20submission%20-%20Senate%20inquiry%20into%20Greenwashing%20-%2022%20June%202023.pdf>>.
- 27 ACCC, *Greenwashing internet sweep unearths widespread concerning claims* (Media Release 17/23, 2 March 2023) <<https://www.accc.gov.au/media-release/accc-greenwashing-internet-sweep-unearths-widespread-concerning-claims>>.
- 28 ACCC, *Greenwashing internet sweep unearths widespread concerning claims* (Media Release 17/23, 2 March 2023) <<https://www.accc.gov.au/media-release/accc-greenwashing-internet-sweep-unearths-widespread-concerning-claims>>.
- 29 ACCC, *Greenwashing internet sweep unearths widespread concerning claims* (Media Release 17/23, 2 March 2023) <<https://www.accc.gov.au/media-release/accc-greenwashing-internet-sweep-unearths-widespread-concerning-claims>>.
- 30 European Commission, *Screening of websites for ‘greenwashing’: half of green claims lack evidence* (Media Release, 28 January 2021) <https://ec.europa.eu/commission/presscorner/detail/en/ip_21_269>.
- 31 Competition and Markets Authority, *Global sweep finds 40% of firms’ green claims could be misleading* (Media Release, 28 January 2021) <<https://www.gov.uk/government/news/global-sweep-finds-40-of-firms-green-claims-could-be-misleading>>.
- 32 ACCC, *Green Marketing and the Australian Consumer Law* (2011) 3 <<https://www.accc.gov.au/system/files/Green%20marketing%20and%20the%20ACL.pdf>>.
- 33 *Competition and Consumer Act 2010* (Cth) Schedule 2 ss 18 and 29.
- 34 *Competition and Consumer Act 2010* (Cth) Schedule 2 ss 18 and 29.
- 35 *Competition and Consumer Act 2010* (Cth) Schedule 2 s 29(1)(a).
- 36 *Competition and Consumer Act 2010* (Cth) Schedule 2 s 29(1)(b).
- 37 *Competition and Consumer Act 2010* (Cth) Schedule 2 s 29(1)(g).
- 38 *Australian Competition and Consumer Commission v Woolworths Group Ltd (Formerly Called Woolworths Ltd)* (ACN 000 014 675) (2020) 415 ALR 356, 357.
- 39 *RB (Hygiene Home) Australia Pty Ltd v Henkel Australia Pty Ltd* [2024] 302 FCR 285, 334.
- 40 Environmental claims are representations about a business’ environmental impact and can also be aspirational. Examples

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- include resource use and waste management, the types of materials used and how they are sourced, product durability and repairability, end-of-life and disposal options, energy use and emissions, water usage, pollution and use of harmful substances, deforestation, land or aquatic degradation and associated biodiversity impacts.
- 41 ACCC, *Making environmental claims: A guide for business* (12 December 2023) <<https://www.accc.gov.au/about-us/publications/making-environmental-claims-a-guide-for-business>>.
- 42 Ad Standards 'Environmental Claims' (Web Page) <<https://adstandards.com.au/issues/environmental-claims/>>.
- 43 Ad Standards provides a mechanism for advertisers and the community to raise concerns about the content of ads, independently handling complaints. For more information about the role of Ad Standards, see Ad Standards, 'About Us' (Web Page) <<https://adstandards.com.au/about/ad-standards/>>.
- 44 Ad Standards, 'Environmental Claims' (Web Page) <<https://adstandards.com.au/issues/environmental-claims/>>.
- 45 Ad Standards, 'Advertising self-regulation' (Web Page) <<https://adstandards.com.au/about/ad-standards/>>.
- 46 Ad Standards, 'Environmental Claims' (Web Page) <<https://adstandards.com.au/issues/environmental-claims/>>.
- 47 Similarly, in the UK, the Advertising Standards Authority has the power to ban advertisements that contain misleading green claims. See Advertising Standards Authority, 'Environmental claims: General "Green" claims', Advice Online (Web Page, 29 May 2024) <<https://www.asa.org.uk/advice-online/environmental-claims-general-green-claims.html>>.
- 48 Australian Association of National Advertisers, 'Environmental Claims Code', Codes & Self-Regulation (Web Page, 1 May 2018) <<https://aana.com.au/self-regulation/codes-guidelines/environmental-claims/>>.
- 49 For example, a list of previous decisions made in respect of ads to which the Code and Practice Note has been applied is included on the Ad Standards website, Ad Standards, 'Advertising Issues: Environmental Claims' (Web Page) <<https://adstandards.com.au/issues/environmental-claims/>>.
- 50 Stephanie McHugh, 'Greenwashing Trade Marks in an Eco-Driven World' (2022) *Intellectual Property Law Bulletin* 111.
- 51 Stephanie McHugh, 'Greenwashing Trade Marks in an Eco-Driven World' (2022) *Intellectual Property Law Bulletin* 110.
- 52 "Trust marks" are marks that utilise nature based imagery or symbols, such as leaves, circles, arrows.
- 53 *Trade Mark Act* 1995 (Cth) s 41(1)(b).
- 54 *Jaimex Nominees Pty Ltd v Bamboo Babe Pty Ltd* [2021] ATMO 24.
- 55 See IP Australia, *Trade Marks Manual*, 30.2 Signs that are scandalous and Use contrary to law.
- 56 For further information regarding the representations made in the *Woolworths* decision, see Louise Camenzuli et al, Biodegradability of Plastics (Discussion Paper, A joint collaboration between Corrs Chambers Westgarth and the University of Queensland, July 2023) 48–9.
- 57 *One Green Cup Pty Ltd v The Green Cup Pty Ltd* [2024] ATMO 77, [53].
- 58 *Trade Mark Act* 1995 (Cth) s 43.
- 59 European Intellectual Property Office, 'Green EU trade marks – 2023 update' (April 2024) <<https://www.euipo.europa.eu/en/publications/green-eu-trade-marks-2023-update>>.
- 60 See Explanatory Memorandum to the Proposal for a Directive of the European Parliament and to the Council amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and better information <<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0143&qid=1649327162410>>.
- 61 See the European Commission's 'Green Claims' criteria to stop companies from making misleading claims about environmental merits of their products and services, European Commission, 'Green Claims', Energy, Climate Change, Environment (Web Page) <https://environment.ec.europa.eu/topics/circular-economy/green-claims_en>.
- 62 The Proposal refers to research indicating that the approximate 230 active 'Ecolabels' in the jurisdiction have vastly different levels of transparency.
- 63 European Parliament 'Substantiating Green Claims', *A European Green Deal* (Web Page, 20 June 2024) <<https://www.europarl.europa.eu/legislative-train/theme-a-european-green-deal/file-substantiating-green-claims>>.
- 64 European Innovation Council and SMEs Executive Agency, 'Green Trade Marks', *IP Helpdesk* (News Blog, 7 July 2023) <https://intellectual-property-helpdesk.ec.europa.eu/news-events/news/green-trade-marks-2023-07-07_en>.
- 65 See Intellectual Property Office, refused Trade Mark Number WO0000001679970 <<https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/2/WO0000001679970>>; Intellectual Property Office, refused Trade Mark Number UK00003720755 <<https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00003720755>>; Intellectual Property Office, refused Trade Mark Number UK00003593506 <<https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00003593506>> and Intellectual Property Office, refused Trade Mark Number UK00003461768 <<https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00003461768>>.
- 66 See Green Intelligence, 'Understanding the New Green Claims Code' (Web Page) <<https://www.greenintelligence.org.uk/insights/understanding-the-new-green-claims-code/#:~:text=The%20CMA's%20Green%20Claims%20Code,must%20be%20clear%20and%20unambiguous>>.
- 67 *Consumer Protection from Unfair Trading Regulations* 2008 (UK).
- 68 See the UK *Green Claims Code* <<https://greenclaims.campaign.gov.uk/>>.
- 69 Parliament of Australia, Senate Standing Committees on Environment and Communications, *Greenwashing* (Web Page) <https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Greenwashing>.
- 70 Australian Competition and Consumer Commission, Submission No 60 to Senate Standing Committees on Environment and Communications, *Inquiry into Greenwashing* (22 June 2023) <<https://www.accc.gov.au/system/files/ACCC%20submission%20-%20Senate%20inquiry%20into%20Greenwashing%20-%2022%20June%202023.pdf>>; Law Council of Australia, Submission No 119 to Senate Standing Committees on Environment and Communications, *Inquiry into Greenwashing* (18 August 2023) <<https://lawcouncil.au/resources/submissions/inquiry-into-greenwashing>>; all other submissions <https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Greenwashing/Submissions>.
- In its submission to the Inquiry, the ACCC highlighted that it considers that "there is merit in examining a framework to encourage or require environmental claims in a manner that is meaningful to consumers" (see Australian Competition and Consumer Commission, Submission No 60 to Senate Standing Committees on Environment and Communications, *Inquiry into Greenwashing* (22 June 2023) 3).
- 71 Parliament of Australia, Senate Standing Committees on Environment and Communications, *Greenwashing* (Web Page) <https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Greenwashing>.
- 72 Parliament of Australia, Senate Standing Committees on Environment and Communications, *Greenwashing* (Web Page) <https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Greenwashing>.
- 73 *Trade Marks Act* 1995 (Cth) ss 41, 42(b).
- 74 See European Union Intellectual Property Office, *Green EU trade marks – 2023 update* (Report, April 2024) <<https://www.euipo.europa.eu/en/publications/green-eu-trade-marks-2023-update>>.
- 75 *Jalco Australia Pty Ltd v Autotech Group Australia Pty Ltd* [2018] ATMO 70.
- 76 Stephanie McHugh, 'Greenwashing Trade Marks in an Eco-Driven World' (2022) *Intellectual Property Law Bulletin*, 114.
- 77 Stephanie McHugh, 'Greenwashing Trade Marks in an Eco-Driven World' (2022) *Intellectual Property Law Bulletin*, 114.
- 78 Stephanie McHugh, 'Greenwashing Trade Marks in an Eco-Driven World' (2022) *Intellectual Property Law Bulletin*, 114.
- 79 Consumer Policy Research Centre, *The Consumer Experience of Green Claims in Australia* (Report, December 2022) 21.

Australian Geographical Indications: Protecting the Connection between Product and Place

Dr Paula Zito¹

Introduction

Although Australia has not traditionally recognised Geographical Indications (“GIs”) as notable intellectual property rights, there has been a recent and important focus on GIs. This is largely owing to the negotiations between Australia and the European Union in the context of the Australia-European Union Free Trade Agreement (“A-EU FTA”) that commenced in July 2018 before coming to a hold in May 2023. The current status of the A-EU FTA remains “under negotiation”² with negotiations anticipated to recommence in late 2024, following the EU Parliament elections in June 2024. Overall, the negotiations have been an important opportunity to reconsider Australian perspectives on GIs, suggesting a possible extension of GI rights and protection in Australia.

There are currently two distinct levels of GI protection provided in Australia. First, in relation to GIs for wines and grape products that are used on wine labels, protection is provided pursuant to a dedicated wine GI framework.³ Secondly, in relation to regional names that are used by food producers and traders on food labels to make an origin claim, such usage is currently regulated pursuant to consumer protection laws,⁴ trade mark laws⁵ and passing off at common law. As will be discussed below, there is a clear difference in the level of protection provided to regional names used on food labels pursuant to these laws, compared to that provided to regional names, often the same ones, used on wine labels as GIs pursuant to the Australian wine GI framework. This difference places the Australian food industry a significant step behind the Australian wine industry in effectively protecting the assets that Australia has in its regional names and in protecting the connection between product and place.

At the international level, Australia offers two levels of GI protection. As a Member to the World Trade Organization’s *Trade-Related Aspects of Intellectual Property Agreement* 1994 (“TRIPS”), Australia currently protects GIs related to wine and grape products pursuant to the Australian wine GI framework. For all other products, including food products, it offers protection via registration of a certification trade mark (“CTM”) under the trade mark system and in accordance with the provisions of the *Trade Marks Act* 1995 (Cth). In providing these two main means of GI protection, Australia complies with its requirements under TRIPS. However, as will be discussed below, the level of protection offered to GIs as CTMs is not as extensive as that provided in accordance with the wine GI framework. Consequently, many of Australia’s trading partners have turned to free trade agreements to obtain a higher level of GI protection at an international level for products other than wines and grape

products, to ensure that it reflects the protection afforded to their respective GIs pursuant to their national frameworks. For example, the EU has been seeking a higher level of protection from Australia for EU GI names in the context of the A-EU FTA negotiations. Rather than relying on CTM protection for approximately 172 agricultural and other foodstuff names, the EU has asked Australia to protect these as GIs.⁶

The differences in levels of protection offered by Australia to GIs at both local and international levels underscore the compelling case that exists in support of the implementation of a possible new GI right in Australia. As discussed further below, an extended GI framework would bring benefits, at both a local and international level, to food producers, regional food communities and the Australian food industry. It would also effectively overcome deficiencies of current Australian laws and regulations that presently attempt to regulate the usage of Australian regional names on food labels.

Where Australia is at: current GI protection

Protection of Australian regional names used on wine labels and wine GIs

The Australian wine GI framework operates in accordance with the *Wine Australia Act* 2013 (Commonwealth) (Cth) (“WA Act”) and the *Wine Australia Regulations* 2018 (Cth) (“WA Regulations”). These laws, in combination with the Label Integrity Program (“LIP”), provide a much stronger protection regime against the misuse of Australian regional names on wine labels than do current consumer protection, passing off and trade mark laws against the misuse of Australian regional names on food labels.

Currently, there are 116 registered Australian wine GIs.⁷ In accordance with WA Regulation 26, wine producers and

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wine grape growers may use an Australian wine GI on their wine label if 85 per cent of the grapes used to produce the wine originate from the relevant GI geographical area. The basis of the connection between wine and origin for the purposes of the Australian wine GI framework is the regional origin of the grapes used to make the wine. The Australian wine GI framework does not include any rules regarding typicality of wine, production methods, what wine varieties might be used to make wine or how or where vines must be planted. These are not relevant factors in determining whether a wine producer or grape grower can use a wine GI.

While WA Regulation 26 is not overly prescriptive, it does still place the Australian wine industry a step ahead of the Australian food industry, as it prescribes the relevant rules regarding usage of registered Australian GIs on wine labels. While the connection between wine and origin is purely based on the regional origin of the grapes used to make the wine, the Australian wine GI framework nevertheless provides more extensive protection to the connection between wine and origin than is provided under Australian consumer protection and trade mark laws to the connection between food and origin. The extensive protection provided is particularly highlighted by the wide-ranging provisions in the WA Act regulating the misuse of wine GIs. For example, the WA Act provisions regarding false description and presentations of wine provide that a wine GI cannot be used on a wine that does not originate from the GI area on the basis that the wine producer has disclosed the actual place of origin of the wine elsewhere on the label.⁸ Additionally, there is no possibility of using a wine GI while making it clear that the wine does not originate in the region, nor is there a good faith defence. This is vastly different from the protection offered to Australian regional names, often the same ones, used on food labels to make origin claims. Unlike regional food producers, if a wine producer misuses a wine GI on a wine that does not originate from that GI area, the wine producer does not need to prove that the GI usage misleads or deceives consumers. It is sufficient that the wine producer misuses a wine GI on wine that does not originate in that GI area for it be determined an infringement.⁹

In addition to the rules and provisions set out in the WA Act and Regulations, the Australian wine GI framework also has a strict system of governance regarding “truth in labelling”. The LIP provides a system of traceability for consumers from grapes to wine bottle. The LIP provisions are set out in the WA Act and outline the obligations on wine grape growers and wine producers to keep written records that provide evidence of the vintage, variety and prescribed GI of the wine goods received and supplied by the record keeper.¹⁰ Compliance with the LIP provisions is enforced by a group of inspectors appointed by Wine Australia, the main governing body of the Australian wine GI framework, pursuant to section 39ZA of the WA Act. The traceability of wine from grapes to wine bottle is what the LIP is primarily

concerned with and what the inspectors focus their audits on.

Overall, the Australian wine GI framework has effectively regulated the connection between wine and origin since 1994. It provides wine makers and wine grape growers with automatic rights of GI protection that they can confidently rely on when another wine producer or wine grape grower misuses a GI. The wine GI provisions are far more comprehensive than the protection offered to regional food producers when rival food producers misuse regional names to make an origin claim on food products that lack a clear connection with a region. The wine GI provisions place the wine industry a step ahead of the food industry by providing integrity of the production process, particularly monitored by LIP. Consequently, there is a stronger and more satisfactory legal framework regarding labelling and the regulation of the connection between wine and origin in Australia than there is for food.

Protection of Australian regional names used on food labels to make an origin claim

In direct contrast to the guidance provided to wine producers and wine grape growers as to when they can use wine GIs on their wine labels, in accordance with the Australian wine GI framework, current laws and regulations in Australia do not provide similar, or enough, guidance to food producers and traders about when they can use Australian regional names on food labels to make an origin claim. Such guidance is especially lacking *before* food producers and traders go to use regional names on food labels to make an origin claim.

The current mosaic of Australian laws regulating the usage of Australian regional names on food labels falls into the following main groups:

- consumer protection laws under the Australian Consumer Law set out in Schedule 2 of the *Competition and Consumer Act 2010* (Cth);
- trade mark laws under the Trade Marks Act; and
- passing off at common law.

However, these laws are deficient in that none of them adequately regulate whether there is a connection between food and origin, let alone *before* food producers and traders use Australian regional names on food products to make an origin claim. The main reason for this is because none of these laws are concerned with protecting the connection between food and origin, but rather they are consumer oriented. Consumer protection laws, passing off laws and trade mark laws each have their own concerns and focus, none of which adequately consider the connection between food and origin or cater for the identification and protection of that connection.

More explicitly, Australian consumer protection laws are concerned with protecting consumers against false,

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misleading, or deceptive representations made on food labels, relating to country and place of origin claims and credence claims. Passing off laws are concerned with protecting the reputation that attaches to food producer's food products. Australian trade mark laws are concerned with ensuring that trade marks are distinctive and act as badges of origin of those who made the food products in relation to which the trade mark is used. While some of these laws *touch on* a region's reputation for producing food, none of them consider protecting a region's reputation on the basis that it produces authentic and quality regional food. Nor do they adequately protect the value that accordingly exists in Australian regional names as identifiers of authentic and quality regional food products that originate from that named region and have a clear and strong connection with that region.

Owing to the lack of Australian legal framework that identifies the connection between food and origin, and that protects that connection, Australian regional names are often used on food products that lack a clear and strong connection with Australian regions. Australian laws currently allow food producers to use Australian regional names on food labels in a way that falls short of being misleading, deceptive, or involving passing off, even though their food products lack a clear or strong connection with region named on the label. Successively, food producers and traders take advantage of, and free-ride on, the reputation that Australian regions have for producing authentic quality regional food and the value that accordingly exists in the relevant regional names. Furthermore, as none of the current laws are primarily concerned with identifying and protecting the connection between food and origin, there is no current Australian law that provides food producers and traders with sufficient guidance as to when they can make an origin claim on their food products *before* food producers and traders attempt to do so. This is especially problematic where food producers source some ingredients for, or carry out some of the production of, the food product outside the named region.

These deficiencies with current Australian laws cause the following main four problems:

1. Australian consumers cannot rely on, or trust, food labels that include Australian regional names to obtain accurate information about the regional origin of the food products.
2. Regional food producers are being deterred from making additional investment in producing food products that include regional names as part of their branding.
3. The value that exists in Australian regional names as identifiers of authentic regional food products that have a clear connection with Australian regions is not being adequately protected.

4. Australia is risking losing the assets that it has in Australian regional names that is affecting its regionality and agricultural and agri-food industries.

Each of these problems represents a type of harm that results from food producers using Australian regional names on food products that lack a clear connection with the region named on their food label. In the absence of laws that sufficiently regulate whether there is a connection between food and origin *before* food producers and traders can use Australian regional names on food labels to make an origin claim, food producers and traders can continue using regional names on food products, to denote provenance, that do not have a clear and strong connection with the named region. Correspondingly, the four types of harm identified above will continue to result, causing significant integrity and transparency problems for the Australian food industry.

Protection of international GIs in Australia

In accordance with its international obligations under TRIPS, Australia provides two main mechanisms for the protection of international GIs in Australia. First, pursuant to the Australian wine GI framework for wines and grape products. Second, CTM registration for all other products including food products. These mechanisms are in keeping with Article 22.2 of TRIPS that provides that Members to it, such as Australia, have the discretion to make available the legal means that they deem appropriate to protect GIs within their country.

Before the inception of the Australian wine GI framework, some EU wine GIs were registered as CTMs. While GIs can still be protected as CTMs, the Australian wine GI framework provides international wine GI users a less onerous task in obtaining protection of their GIs and the connection that exists between their wine and origin in Australia. The Australian wine GI framework also provides more effective protection of GIs and strict regulation as previously explained. Moreover, and significantly, the existence of the Australian wine GI framework emphasises that there is a difference between CTMs (and trade marks more broadly) and GIs, and that they require different modes of protection. For example, while trade marks and GIs are both badges of origin, a trade mark that includes a regional name that is used on a food label does not necessarily identify that the food product has a clear and strong connection with the named region. Whereas a regional name that is a registered GI and is used on a food label does identify food products that have a clear and strong connection with the named region. *This is because a GI is a sign that identifies a link between product and place*, rather than a sign that is a badge of origin of who produced the product. Furthermore, while a CTM might identify the geographical origin of a food product, a CTM does not generally regulate the usage of a regional name that is part of the CTM. Rather, it only regulates the usage in respect of the food products to which the CTM relates and

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only within the ambit of the rules attaching to the CTM. Unlike GIs, a CTM is a private right binding only its registered users. Therefore, CTMs do not successfully stop other food producers from using the geographical location name in a CTM on their food products or obtaining trade mark registration of a mark that includes the same regional name.

Considering these limitations of CTMs, and the differences between the protection provided by CTMs and GIs, it is little surprise that CTMs do not provide incentives to many international food producers and agri-food businesses to obtain registration and protection of their GIs in Australia. International food producers tend to prefer to obtain GI protection pursuant to dedicated GI frameworks and consequently often seek to trade with countries that have established GI frameworks. This provides for higher-level protection of GIs than do CTMs and trade mark frameworks.

Where Australia needs to go: extension of GI rights

Given the difference in level of protection offered to GIs pursuant to a dedicated GI framework, as opposed to that offered pursuant to a trade mark framework, many of Australia's trading partners are negotiating free trade agreements as a means of obtaining higher-level GI protection. This is evident in context of the A-EU FTA negotiations, where the EU has asked Australia to protect 236 spirit names and 172 agricultural and other foodstuff names as GIs in Australia.¹¹ The EU has been seeking higher-level protection of its GIs than would otherwise be provided by Australia as registration of those GIs as CTMs. The names relate to a range of sectors, including dairy, meat, smallgoods, horticulture, confectionary, oils, beer, and spirits.

The EU has specifically requested that Australia protect the listed EU GIs against any:

- (1) *Direct or indirect commercial use of a GI name:*
 - (a) *For comparable products, or*
 - (b) *In so far as such use exploits the reputation of the GI, including when that product is used as an ingredient;*
- (2) *Misuse, imitation, or evocation, even if the true origin of the product is indicated or if the protected name is translated, transcribed, transliterated, or accompanied by an expression such as "style," "type," "method," "as produced in," "imitation," "flavour," "like" or similar, including when those products are used as an ingredient;*
- (3) *Other false or misleading indication as to the origin, nature, or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey*

a false impression as to its origin, including when those products are used as an ingredient;

- (4) *Other practice liable to mislead the consumer as to the true origin of the product.*¹²

The Australian Government has been actively engaged in the process of considering the GI protection that the EU has requested. In 2019, it invited submissions to be made for public objections concerning the food names proposed by the EU for protection as GIs in Australia.¹³ Subsequently, in 2020, the Australian Government opened a public consultation on a possible new GI right that could provide GI protection to goods other than wines and spirits.¹⁴ The consultation sought industry, business and community views on the "the type of system changes that may be considered in the event a negotiated outcome" with the EU gives rise to changes in the way Australia currently protects GIs.¹⁵ In its consultation paper, the Australian Government disclosed that a new GI right could be introduced as a new "Part in the *Trade Marks Act 1995* ... and could protect both Australian and international GIs,"¹⁶ including any EU GIs agreed under the A-EU FTA.

The public consultation closed in late 2020, although the Australian Government has not yet published a response to the consultation. Furthermore, the Australian Government has been committed to finalising the A-EU FTA negotiations. Discussion on GIs, in context of the 15th round of negotiations, that took place in April 2023, focused on discussion of the "few remaining provisions in the text, including the date of protection for EU GIs, and continued difficult discussions on GI terms sensitive to Australian industry."¹⁷ After the 15th round of negotiations, the status of the A-EU FTA remains under negotiation with GIs remaining a contentious issue.¹⁸ The Australian Government will consult on any draft legislation for GIs once the A-EU FTA is concluded, should a decision be made to progress GI reform at that stage in Australia.¹⁹

In addition to the EU, many of Australia's neighbouring countries are also interested in trading with countries that have a dedicated GI framework to obtain the same high level food GI protection at an international level as that provided pursuant to their national framework. Several countries, such as China, India and Vietnam, place significance on culture and traditions, processes and methods used to make food products and seek out stories of provenance from their trading partners. They also strive to trade with countries that have dedicated GI frameworks that identify and protect provenance and the link between product and place. Moreover, the New Zealand-European Union Free Trade Agreement ("NZ-EU FTA") entered into force on 1 May 2024.²⁰ After 12 rounds of negotiations, New Zealand and the EU reached agreement on the protection of GIs. Pursuant to the NZ-EU FTA, New Zealand now protects a series of EU GIs, including those used in relation to wines,

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spirits, cheeses, vinegars, oils, processed meats and in return, the EU protects New Zealand GIs.²¹ Some of the protected GIs include “feta”, “Parmigiano Reggiano”, “kalamata”, “Prosciutto di Parma”, and “Prosecco”, some of which remain controversial GIs that the EU has asked Australia to protect in context of the A-EU FTA negotiations. New Zealand has agreed to protect these EU GIs against the usage that the EU has also asked Australia to uphold, as discussed previously.²²

Therefore, Australia’s position in the Asia-Pacific further highlights that there is a persuasive case at an international trade level for Australia to reconsider its traditional position on the protection of GIs for products other than wine and grape products. This reconsideration is essential for the Australian food and agri-food industries to avoid running the risk of missing out on trade opportunities with countries that support GIs. Without the implementation of a dedicated food GI framework, Australia sets potentially strong limits on the present and future protection of Australian food exports to Asian countries as well as to other international trading partners. It risks losing the ability to negotiate GI protection with trading partners at a level that accommodates the Australian food industry’s needs, and it risks losing trading opportunities with neighbouring and other countries that place importance on GI protection. Consequently, the sooner Australia considers implementing a food GI framework and a new GI right, the stronger its position will be in negotiating GI protection with its neighbouring countries and with the EU. By having its own dedicated GI framework for products other than wine and grape products, Australia can demonstrate to trading partners that Australian food exporters and producers are ready and willing to protect their GIs in exchange for GI protection of Australian GIs and access to their markets. Overall, the implementation of a dedicated GI framework for products other than just wine and grape products would be advantageous for Australia at an international level.

Moreover, it would be exceptionally valuable at the local level. Given the problems identified throughout this article, resulting from deficiencies with current Australian laws and regulations, there is a very convincing case in favour of the implementation of an Australian food GI framework and a new GI right at the local level. Without a legal framework that identifies the connection between food and origin and protects that connection, Australian regional names will continue to be used for food products that lack a clear and strong connection with Australian regions. An Australian GI framework that has, as its paramount consideration, the connection between product and place is required in Australia to protect the connection between Australian products and origin. For the Australian food industry, it would be a significant framework that would identify food that is qualitatively connected to a region. It would be a practical mechanism to protect the value that exists in Australian regional names used by food producers and

traders on food labels to make origin claims and to regulate how food producers and traders use them on food products. Moreover, having a dedicated GI framework would facilitate food producers and traders’ compliance with only one legal framework rather than a mosaic of three different areas of laws and regulations.

Perhaps most importantly, by implementing a dedicated food GI framework, and a new GI right, the level of protection provided to Australian regional names used on food labels would finally be more consistent with the protection provided to Australian regional names, often the same ones, used on wine labels in the context of the Australian wine GI framework. An Australian food GI framework would do away with the long-standing differential treatment provided to Australian regional names used on wine labels vis-à-vis those used on food labels, as well as the differential treatment that exists at an international level where GIs are protected as GIs vis-à-vis as CTMs. A dedicated food GI framework would provide clear guidance to food producers and traders as to when food GIs can be used on food labels by including clear criteria and specifications about how food is clearly and strongly connected to a place. Food producers and traders would only be permitted to use food GIs for food products that have a clear and strong connection with the GI area.

Consequently, for the benefit of the Australian food industry, an Australian food GI framework would mitigate the risk of food producers and traders using regional names on food products to make an origin claim when their food products lack a qualitative connection with the GI area. Furthermore, a food GI framework would mitigate the risk of food producers and traders taking advantage of the reputation that a certain region has for producing quality regional food and the value that accordingly exists in the regional name. It would provide incentives and much needed support to regional food producers to invest in producing regional food products, knowing that there is a legal framework that mandates that only food products that originate from the GI area can be labelled with a food GI, thereby protecting the value they contribute to regional names and in promoting the authentic connection between product and place. Consumers would be able to rely on food labels and trust that they accurately identify the regional origin of food products. They would be able to easily identify local and authentic regional food products without the need to carry out independent investigations into the origin of food products. Australia’s food and agri-food industries would benefit from this consumer confidence, as the sales of food products bearing Australian regional names would increase. All these benefits would conclusively bring the protection afforded to Australian regional names used on food labels to the same level as that provided to Australian regional names that are registered and recognised Australian wine GIs.

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Additionally, having a dedicated GI framework for products other than wine and grape products would place Australia in a strong international trading position, facilitating its ability to negotiate GI protection on its own terms and to ensure that Australian food GIs are protected and recognised at an international level. This is a prominent benefit that is lacking now in Australia under current laws and regulations. Likewise, a dedicated GI framework would bring benefits for countries such as the EU, and many of Australia's neighbouring countries that want to achieve the same high-level GI protection at an international level for their domestic food GIs as that provided pursuant to their national frameworks. An Australian food GI framework would signify to Australia's trading partners, Australia's commitment to protecting provenance, the connection between food and origin, and the value in geographical names, at both a local and international level. It would also signify Australia's commitment to the local Australian food industry and afford it an effective conduit to obtain reciprocal GI protection for Australian GIs for food products from Australia's trading partners.

The implementation of an Australian food GI framework would provide a "one-stop shop" of recognition and protection of regional names that denote provenance. This would be better than continuing to try to provide GI protection pursuant to current Australian laws that do not recognise or protect the connection between food and origin as their primary focus. This would represent a considerable transition from Australia's traditional approach to GI protection for products other than wine and grape products.

Conclusion

The anticipated return of the A-EU FTA negotiations provides an opportunity for a new GI right to be introduced into Australian law to protect both local and international GIs for products other than wines and grape products. Moreover, it presents an opportunity to promote the connection between Australian products and Australian regions and to adequately protect Australian regional names used on products to denote that connection, regardless of whether they are used on wines or food products. The A-EU FTA provides a conduit for Australia to obtain future protection of its GIs from other trading partners and, importantly, opens the doors to further GI protection of other agricultural and non-agricultural products, signalling a new era in the recognition of GIs in Australia.

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Impossibility of Artificial Inventors

Matt Blaszczyk¹

Introduction

Readers will likely be familiar with DABUS (Device for the Autonomous Bootstrapping of Unified Sentience) and the associated Artificial Inventor Project, the initiative of the inventor Dr Stephen Thaler and Professor Ryan Abbott, who have launched a plethora of patent and copyright lawsuits around the world to advance the post humanist cause.² As the name of Thaler's artificial intelligence system suggests, he believes it to be sentient. In an interview, he said: "Is DABUS an inventor? Or is he an artist? I don't know. I can't tell you that. It's more like a sentient, artificial being. But I even question the artificial part", meanwhile describing himself as a "pioneer", who wants to do something "truly outrageous".³ On another occasion, Thaler proclaimed his intellectual property law activism has been "a philosophical battle, convincing humanity that my creative neural architectures are compelling models of cognition, creativity, sentience, and consciousness" adding that "DABUS has created patent-worthy inventions [which] is further evidence that the system 'walks and talks' just like a conscious human brain".⁴ Finally, Thaler pronounced: "[t] here is a new species here on Earth and it's called DABUS".⁵

At the same time, it remains the case that "artificial inventors" are impossible as a matter of law in several jurisdictions, including the United States, the United Kingdom, Australia, and others. Their very idea further conflicts with historical justifications of patents, the theory of the "bargain" which presupposes an individual and the society to which he belongs, and further the broader mythology of IP law. This article describes these challenges, together with some analytical perils of Thaler's argumentation. It concludes, modestly, with a proposal not to destroy the integrity of the modern legal system – and if we do, then please, let's have a clear direction of where to go.

The View from the US: *Thaler v. Vidal*

In the US, courts have held that under the *Patent Act*, an "individual" must be defined as a natural person and since only a natural person may be an inventor, artificial intelligence cannot be an inventor, effectively rejecting two of Thaler's applications listing DABUS as the sole inventor.⁶ The matter, as is now well known, was an appeal from the United States Patent and Trademark Office's ("USPTO") denial of patents to Thaler, who claimed he did not contribute to the inventions' conception, which were rather "generated by artificial intelligence".⁷ While the US Supreme Court declined to hear the case, the Federal Circuit delivered a strong judgment, giving an answer as a matter of statutory interpretation that "only a natural person can be an inventor, so AI cannot be".⁸

Indeed, perhaps no more was needed. To restate the basics of US patent law briefly, "whoever" invents new and useful subject matter may obtain a patent.⁹ In this respect, too, an "inventor" is the "individual" or the "individuals collectively" who "invented or discovered the subject matter of the invention".¹⁰ The invention has to be novel,¹¹ non-obvious to the person of ordinary skill in the art,¹² and importantly, must have been invented by the inventor himself.¹³ Here, American patent law speaks more pronouncedly anthropomorphically than elsewhere, making it a requirement that the applicant for a patent be the inventor, filed in his name, and only then perhaps assigned to a legal person.¹⁴ A misrepresentation of actual inventorship is ground for invalidity¹⁵ – today, as historically, a patent "can only be granted to the real inventor".¹⁶

In other words, patent law is premised on there being an inventor who "conceives" an idea for an invention. According to the courts, "conception" is the "touchstone of inventorship, the completion of the mental part of invention".¹⁷ The law thus requires "the formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice".¹⁸ It is a "mental act", which presupposes there being an inventor, and is only "complete only when the idea is so clearly defined in the inventor's mind that only ordinary skill would be necessary to reduce the invention to practice, without extensive research or experimentation".¹⁹ By insisting on the language of actuality, the courts make clear that there is no place for "constructive" conception in patent doctrine.²⁰

In fact, Thaler's argument for rights of artificial "persons" – which I have argued to be inconsistent with both the legal doctrine, theory, and international framework in copyright²¹ – was completely inapposite in the patent case, which has generally no place for a "hired to invent" doctrine.²² For better or worse, the law institutionalises myth, so that "[t]he presumptive owner of the property right in a patentable invention is the single human inventor".²³ As Lord Coke pronounced, corporations "cannot commit treason, nor be outlawed, nor excommunicated, for they have no souls".²⁴ They also cannot invent.²⁵

It is thus not surprising that the Court's analysis of the statutory language shows that an "inventor" is defined as an "individual".²⁶ While there is no definition of the latter in the Act, the Court cited precedent that, when used "[a]s a noun, 'individual' ordinarily means a human being, a person"²⁷ unless a contrary Congressional intent is persuasively shown; it was not, especially in face of case law construing inventors as human beings.²⁸ In this way, any other interpretation would have been impossible.²⁹

Finally, the Court rejected constitutional arguments that permitting AI programs to be inventors would support the constitutional purpose of patents "[t]o promote the progress of science and the useful arts".³⁰ Entertaining this idea, it is important to observe that the Patents and Copyright Clause of the US Constitution speaks also of "Authors and Inventors the exclusive Right to their respective Writings and Discoveries".³¹ Indeed, one of the few instances of historic kinship between copyright and patents is that both property rights are supposed to benefit social welfare, with "the People, their progress, learning, creations and inventions, being an ultimate referent".³² It is thus unsurprising that IP law concepts have a humanistic colouring: this is exactly their end.

The aftermath included a public consultation³³ and issuance of USPTO guidance,³⁴ which clarified the law further and also picked up where the Federal Circuit ended, that is with the question of AI assistance. The USPTO recognised that "while an AI system may not be named an inventor or joint inventor in a patent or patent application, an AI system – like other tools – may perform acts that, if performed by a human, could constitute inventorship under our laws ... The patent system is designed to encourage *human* ingenuity".³⁵ At the same time, it also recognised that AI assistance does not preclude a natural person from qualifying as an inventor if he "significantly contributed to the claimed invention" analogising the contribution to one of joint inventorship.³⁶ In this way, the USPTO's guidance relies on principles of patent doctrine and theory, of constitutional law, and of the whole politico-legal tradition, affirming them all.³⁷

The View From the UK: *Thaler v Comptroller-General of Patents, Designs and Trade Marks*

The British episode in the DABUS litigation recently ended with a unanimous UK Supreme Court ruling in *Thaler v Comptroller-General of Patents, Designs and Trade Marks*, upholding the decisions of the lower courts and of the Hearing Officer for the Comptroller-General of Patents, that only a natural person can be named as an inventor on a patent application.³⁸ In this way, the UK Supreme Court embraced long standing principle, aligning itself with the scholarship and international decision-making.³⁹

On the facts, Thaler had submitted applications as an owner of the machine, which in turn allegedly autonomously invented the subject matter.⁴⁰ Neither application designated a human inventor.⁴¹ When asked for additional forms on this issue, in compliance with the *Patents Act* 1977 (UK), Thaler specified he "was *not* an inventor of the inventions described in the applications", [emphasis in original]⁴² that he "identified no person whom he believed to be an inventor because the invention was 'entirely and solely conceived by DABUS'", and that the machine "must be named as inventor".⁴³ This was found by all courts to contravene sections 7 and 13 of the Patents Act, since DABUS was neither a "person" nor an "inventor" in the legal sense of the terms. The applications were thus deficient and taken to be withdrawn, while Thaler was not entitled to apply for patents for any inventions described in his applications.

Turning to the text of the statute, the UK Supreme Court emphasised that section 7 provides that the inventor is the "actual deviser of the invention", section 7(3) of the Patents Act that "*any person* may make an *application* for a patent" [emphasis in original]⁴⁴ and finally, a code for determining "to whom a patent *may* be *granted*" [emphasis added]⁴⁵ whether the grantee is a natural or legal person. While we can contrast the UK approach to ownership with the US, since it is "not uncommon for a person who is not an inventor to apply for a patent for an invention, and to do so entirely properly",⁴⁶ it remains the case that the list of eligible persons and the order priority is exclusively contained in the statute's provisions.⁴⁷ There is also a presumption that a natural person making an application is the inventor and, significantly, the right of the inventor to be mentioned as such.⁴⁸ Thus, the statute "recognises the central position of an inventor" conferring the moral right.⁴⁹ Finally, an applicant is not required to name the "inventor" but the person he "believes to be" the inventor or, otherwise, to indicate how he derived his right to the application.⁵⁰ Thus, the UK Supreme Court moved to answer the questions posed by the appeal on narrow grounds of statutory interpretation, quite similarly to the approach of the Federal Circuit.

First, the UK Supreme Court found that the "structure and content" of the relevant sections and of the statute's whole "permit only one interpretation" i.e., that "an inventor ...

must be a natural person, and DABUS is not a person at all, let alone a natural person: it is a machine” which purportedly “created or generated the technical advances” disclosed in the applications.⁵¹ Of course, the meaning of concepts such as “inventor” is contained within and given life by particular legal orders, and in sharp contrast with any non-legal conceptions, and thus derived directly from the statute which brings the right in question to life. And so, the Court held that, as a matter of statutory interpretation, an inventor has to be a natural person.

Consequently, if there is no person who qualifies as an inventor, then there is no invention which can be protectable. This mirrors the copyright idea-expression dichotomy perfectly well: in copyright, there must be an expressor of an idea, which must in turn be expressed in an original way, to be protectable. In patents, on the other hand, there must be a natural person who comes up with the inventive concept, actually devises the invention, which in turn has to satisfy further requirements.⁵² Only he who invents – or someone “through him” – can claim a patent according with the statute.⁵³ To borrow the language of a US case, conception is the “formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice”.⁵⁴ Indeed, it is impossible to get rid of the individual within the architecture of the law. As the UK Supreme Court emphasised, the lack of robotic legal personality and the impossibility for a non-human to be considered an inventor is not a mere formal objection – “[i]t goes to the heart of the system for granting a monopoly for an invention”.⁵⁵

Going deeper, the requirement that the inventor be a natural person stems from the Enlightenment metaphysics which underly all of the IP enterprise. Indeed, we recognise that patents have a “peculiar nature” of a “result of an inventive act, the birth of an idea and its reduction to practice; the product of original thought”;⁵⁶ a recognition which is by no means obvious or ideologically neutral.⁵⁷ Not without a reason, too, some have proposed to analyse this insistence on the requirement of the inventor to be human through a Hegelian or Radinian prism.⁵⁸

Further, there are two doctrinal corollaries. Firstly, there is no property in ideas as such,⁵⁹ and to remove the individual is to also remove the ontological difference between the devised and the discovered, between the idea and the invention. Moreover, putting aside the simple logic that there are no inventor-less inventions, in fact all attempts to obtain an IP right extra-statutorily are illegitimate; and so was Thaler’s further argument that he was entitled to file applications for and obtain the grant of patents for DABUS’s supposed inventions. This the Court found without merit as a matter of statutory interpretation,⁶⁰ though one may add that attempts to support an “if value, then right” approach through custom or common law are no less misguided now than they were centuries ago.⁶¹ The Court concluded that

the arguments based in the doctrine of accession were wholly unpersuasive.⁶² Finally, the Court found that the application was properly taken to be withdrawn.⁶³

Property Rights and Monopolies

Perhaps IP allows us to see the axiom of “by the people, for the people” at play better than other corners of private law precisely because of its monopoly roots; and this account applies insomuch in the US, as in the UK, and other jurisdictions. Modern patent law begins with the *Statute of Monopolies* 1624, at least partially breaking with the paradigm of prerogative for statute and common law, and even more importantly, transforming the “natural right” of a patent into a “legal right” that is a “civil right adjudicated in civil society”.⁶⁴ Recent English cases claim that since then, the “purpose of a grant of a patent has been to encourage innovation”, allowing the inventor to “charge a higher price than would have been possible if there had been competition”.⁶⁵ The patent bargain, as defined by Lord Hodge, is that “the inventor obtains a monopoly in return for disclosing the invention and dedicating it to the public for use after the monopoly has expired”.⁶⁶ This principle underlies all of patent law concepts, from validity, novelty, inventive step, industrial application, to sufficiency, remaining as strongly invoked today as in early modernity.⁶⁷ The case is similar in European jurisprudence, which iterates the bargain in numerous dicta⁶⁸ and in the US, with courts emphasising the quid pro quo aspect both in theory and doctrine.⁶⁹

Indeed, the goal of the patent system is to encourage innovation by giving innovators economic rewards.⁷⁰ In the dominant utilitarian approach, “free competition is the norm” while patent law is an exception, granted only when, and to the extent necessary to encourage invention.⁷¹ Thus, while it is true that justifications of IP are general are nominally “welfarist”⁷² patents are justified mainly in terms of public benefit realised through the patent bargain, or simply as regulation aimed to increase public welfare.⁷³ They are also a great example of property rights being born with the law, demonstrating the positivist maxim.⁷⁴ As this article shows further, there are two players in this story – the mythologised individual inventor and the society to which he belongs. Since the very beginning, the public good was the reason for the grant of the patent monopoly, while the common detriment a reason for invalidity.⁷⁵ This dynamic, while transformed through liberal rule of law principles fundamentally continues to underly all modern jurisprudence, with cases proclaiming that “[p]roperty rights serve human values. They are recognised to that end, and are limited by it”.⁷⁶

Heroic Inventor Entangled

It remains true today that the individual inventor is “crucial to the production of new inventions and innovations”.⁷⁷ According to some, this does not result from “any legislation,

statute, or even the Constitution” but rather is the “collective belief in the narrative itself: that small inventors are crucial to technological innovation and that the patent system should support their activities” notionally at least protecting them from big corporations.⁷⁸ This is despite the fact that the “canonical story of the lone genius inventor is largely a myth”, since inventions are often a product of group effort,⁷⁹ perhaps thus undermining traditional justifications of patents.⁸⁰ As a matter of law, be it the US, the UK, or Article 4ter of the Paris Convention, “the individual inventor today has just as prominent a place on patent documents as in the past”.⁸¹

At a fundamental level, the intertwining of the individual with political legitimacy, and in the context of patents with technology, has been a great topos of modernity. The modern imagination of the human person begins as a “self-centred in a notably prudent manner” individual; one who “follows well-understood self-interests, is free from all sociological ties and is subject to legal ties only by having consented to be bound by them, in accordance with well-understood self-interests”.⁸² Familiarly, in this “atomistic” view, all goods are in the last analysis the goods of individuals; it is the possessive individual who justifies it all. The dialectic has continued, however, to recognise that the sole individual becomes embodied in the conscious collective, the will of the people. It is thus the relation between the community and its welfare on the one hand, and the individual human being on the other, which constitutes the frame of the liberal narrative.⁸³

We see it illustrated in two great relational contracts – the social contract and the patent bargain, each proving an aura of legitimacy, a liberal enchantment of reality, and placing the main characters of the narrative on two sides of the agreement. Indeed, as Professor Mario Biagioli wrote, the “transition from patents as privileges to patents as intellectual property rights parallels the demise of political absolutism, the development of liberal economies, and the emergence of the modern political subject”.⁸⁴ More prosaically, Professor Christine Macleod adds, the heroic inventor was used to justify both the patent system and, if we go back far enough, to fight domestic political battles.⁸⁵ Indeed, the roots are manifold, further including the early 20th century liberal internationalist project, which wanted to secure the rights of scientists, in an effort guided by the modern human rights rhetoric,⁸⁶ and more distantly, the naturalist tradition.⁸⁷ The figure continues to inspire liberal virtues of scientism and entrepreneurship, but also “productive labour, mobility, health, cleanliness, attention, independence”, all “essential to liberal subjectivity”, and the government “of, by and through technology”.⁸⁸

As already observed, the figure of the individual is central to much of jurisprudence, legitimising the state and the distributions of wealth it effectuates, whether in real property or the overtly monopolistic patents.⁸⁹ Therefore, with the artificial inventor’s attempted “dehumanisation” of law, “patent system becomes nothing more than a business

monopoly in the eyes of the public”.⁹⁰ From the internal legal perspective, upkeeping the fiction of the “inventive individual” “gives moral legitimacy to the system that it may otherwise lose, even when the companies employing them are the actual owners” but also gives “propaganda value” to the companies themselves.⁹¹

Therefore, the individual inventor is not a mere myth to dispel, as there are costs to doing so. Of course, today and historically, there are well acknowledged sins in the individual inventor narrative and its institutional embodiments, concerning the grounds of gender, race, and class.⁹² At the same time, what some have apparently missed,⁹³ is that the artificial inventor does not remedy the perils of Western romanticism but, together with the displacement of the human individual, it gets rid of the human collective. After all, “it is not an exaggeration to say that AI outputs often represent the work of several villages of humans”,⁹⁴ a point which becomes resonant in today’s copyright and AI debates. Although facially progressive, the lawsuits analysed above double down on contested notions of progress,⁹⁵ perhaps inadvertently aligning their rhetoric with the goals of intellectual monopoly capitalism.⁹⁶ After all, corporations are not only “unnatural” persons, too, but also rely on AI methods and outputs, combining “data-driven innovation rents with legal monopoly rents”;⁹⁷ as some may add, at the cost of the society. The romanticised machine is, in fact, the embodiment of alienation that some Marxist scholars have written about: it does not take much to see that through elevation of the commodity to the status of the human, human is also reduced to the status of commodity. It is noteworthy, in this respect, that Thaler has never called to abolish our unjustly anthropocentric IP system, but only to extend its logic further, together with abandoning the pretences of modern moralism for a post-modern one. And here lies the question – what is all of this about?

Whither Will Posthuman IP Go?

The whole post-humanist line of argumentation rings rather outré. If Thaler believes in the moral status and metaphysical personhood of machines, and attempts to rid the law of its anthropocentrism, then why is he also attempting to “deprive” robots of the fruits of “their labour”? If the revolution comes down to one obtaining a monopoly in what he did not create or invent, now without a philosophically based justification, it is less than convincing. In fact, there is a deep irony in simultaneously arguing for recognition of a machine as a person and then claiming it must do involuntary and uncompensated work for the benefit of its owner, who should obtain the patents or copyrights. Perhaps, this was the goal all along – to make us realise that our relationship with machines and commodities has been coercive all along, and thus plant a seed of nihilistic doubt in our minds; and consequently, to procure an entropy of the doctrinal architecture through an amoral argument.

There are several issues with Thaler's approach. One is that the courts, as theologians of the legal system, are a naturally averse forum. They strive at systemic coherence of the law and rational reasoning, deriving one norm from another until the most fundamental one, the Grundnorm, never questioning the validity of this after all socially constructed foundation.⁹⁸ The second is that, perhaps, there are arguments which should not be made, even in a supposedly just cause; I leave that for others to discuss. The third is this: if Thaler's argument is ultimately aimed at anthropocentric foundations of patents and copyrights and at the central legitimising role of the human being, it is by implication aimed at all of modern legal and political institutions. In this respect, is pointing out the "ideological" nature of law, and its supposedly perfidious character of serving the goal of human creators and inventors enough to render the old gods dead? In other words, in addition to knowing that the legal system is ultimately based on humanistic fictions and constructs, perhaps it would be best to know the direction, too, before having our ships set out across the open sea.⁹⁹ After all, deconstruction is old news and yet we still have not cut off the King's head.¹⁰⁰

Further, we have all heard the contention that there is something philosophically arbitrary in giving patents to humans, not robots, or copyrights to artists, and not animals. And, in a sense, this is true. Without entering the philosophical terrain too far, it is clear that all defences of IP, including the consequentialist ones, are faith based, to an extent.¹⁰¹ In a narrow sense, readers may remember that already in the 1950s Fritz Machlup noted that if we didn't have patent system, it would be irresponsible to recommend instituting one; but since we do, it would be irresponsible to abolish them.¹⁰² Countless others have made a similar point since.¹⁰³ For example, we know that the most innovative, fastest-developing industries, "by and large hate patents".¹⁰⁴ But there is a more fundamental point here, too. Utilitarianism in general, including that of John Stuart Mill, has a "deontological cast"¹⁰⁵ taking the "quality" of particular pleasures into calculus.¹⁰⁶ It should not come as a surprise that law and economics is not value neutral, either.¹⁰⁷ Finally, then, we may cogently ask "whose progress", "what causal contributions", "for whom" legal personality and intellectual monopolies, without committing a fallacy, or at least no greater than elsewhere.

In any case, when approaching law's normative perspective, we operate within the bounds of an institutional ontology, not a natural one. Underlying the legal reality is law's eye – it is the law or the state, which decide what entitlements are just, who should be ascribed with rights, and who should not.¹⁰⁸ Patents are, after all, legal rights, a part of the general regime of legal norms and procedures, which designate through statute (and to a lesser extent, common law) the standard criteria of patentability, the kind of person that may become a patentee, the possible subject matter of the patent, what

substantive and procedural conditions must first be satisfied, et cetera.¹⁰⁹ Robots are not on that list. The deconstructionist contention there is no heavens-given reason why they should not be included, since all that is needed is the sovereign act, has a reverse – the sovereign may have no reason to include them too, as the next section demonstrates. The quest for post-humanist patent law is thus rather quixotic.¹¹⁰

At the same time, there are courts which supported Thaler's reasoning. For example, in Germany, generally "[t]he inventor principle holds that patent law is aimed exclusively at a human inventor. Thus, an invention created by AI cannot be protected by a patent".¹¹¹ At the same time, in the course of affirming that only a natural person can be an inventor, the 11th Senate German Federal Patent Court deemed Thaler to be the inventor, despite his factual specifications otherwise.¹¹² This has been described "paradoxical": to affirm the place of the human individual, the court contradicted the foundation of that principle, i.e., the contribution of human creative activity by the putative inventor.¹¹³ Consequently, "[by] way of the same principle by which the Board rejected the designation of DABUS as the inventor, it should have prevented the outcome where Thaler was designated as the inventor and could be entitled to the inventor's rights".¹¹⁴ In a later decision, the 18th Senate Federal Patent Court rejected this theory, rectifying the "paradoxical" turn in IP causation.¹¹⁵ Most recently, the Bundesgerichtshof ("BGH") reaffirmed that an inventor must be a natural person.¹¹⁶ The German Federal Court of Justice found that since inventions without any human preparation or influence do not exist,¹¹⁷ a human contribution which significantly influenced the overall success will be sufficient, even if it was AI which made the main contribution. The BGH concluded that a human, to be considered an inventor, does not need to contribute to the conception.¹¹⁸ Thus, the Court defended the patent doctrine from the posthumanist critique – at a regrettable cost.

A similar development took place in Australia, where Thaler had, initially, successfully appealed the decision Delegate of the Commissioner of Patents in the Federal Court of Australia. There, in *Thaler v Commissioner of Patents*,¹¹⁹ Beach J found no specific provision in the statutory framework to exclude an inventor from being a non-human artificial intelligence system, asking "we are both created and create. Why cannot our own creations also create?" This was a rather curious outcome since even commentators sympathetic to artificial inventors found a need for law reform, while the undefined notion of the inventor, in vis-à-vis the "purpose of the Act and its common law application suggest[ed]" a human being".¹²⁰ Yet, Beach J eventually held:

An inventor as recognised under the Act can be an artificial intelligence system or device. But such a non-human inventor can neither be an applicant for a patent nor a grantee of a patent. So to hold is consistent with the reality of the current technology. It is consistent with the Act. And it is consistent with promoting innovation.

While the decision had been criticised on several grounds,¹²¹ it proved rather short-lived, as the Full Court of the Federal Court¹²² later found that the “inventor” within the meaning of the statute is “the person who is responsible for the ‘inventive concept’ ... the person, or one of the people, who materially contributes to the inventive concept as described in the specification and the subject of the claims”.¹²³ The Full Court went on to say:

*that the law relating to the entitlement of a person to the grant of a patent is premised upon an invention for the purposes of the Patents Act arising from the mind of a natural person or persons. Those who contribute to, or supply, the inventive concept are entitled to the grant. The grant of a patent for an invention rewards their ingenuity.*¹²⁴

Finally, the Full Court concluded that “[o]nly a natural person can be an inventor for the purposes of the ... Act and Regulations”.¹²⁵ Further decisions arriving at essentially the same conclusion come from the European Patent Office,¹²⁶ New Zealand,¹²⁷ South Korea, and others.¹²⁸

Patents, Myth, and Meaning

Fundamentally, patents like all law, are a creature and creator of a particular culture, shaped through juristic images of inventive individuals, community, and empire; that is, by law’s ideology and the underlying power structures.¹²⁹ It is one feature of law to provide a heuristic through which we understand the world and inscribe our lives with meaning. And so, Professor Jessica Sibley writes, patents begin with myth: a mystical underpinning giving rise to the inventive genius of an individual, and in turn legitimising the system patents create. This is, she rightly observed, the very nature of the legal and the political – seen as much in Plato as in modern social contract theory.¹³⁰ This is the existential, world-creating aspect of law which, at times, seems uncomfortable to invoke at times: it protests against man’s alienation, “his loss of himself and his transformation into a thing”¹³¹ and since Enlightenment, it does so by ascribing humans with sovereignty, ownership, and mastery over the world. As Professor John Tasioulas wrote, our basic assumptions and the foundation of equal rights depend on the generation of a categorical difference between humans and non-humans and on the recognition of moral superiority of the former.¹³²

In this way, the modern rationalist project has deeply non-rationalist roots: this concerns the theological language of Locke’s pronouncements of human equality, later transplanted by the founders of the US into constitutional language;¹³³ but also “all core concepts of the conceptual inventory of the modern age – autonomy, personality, reason, community, history and progress”, including the language of rights.¹³⁴ This, the critically inclined call the Enlightenment dialectic.¹³⁵ We also see this explicitly in the ontology of IP law. With the rise of modern patents:

[the] invention becomes neither the abstract idea of the philosopher nor the immanent material device of the early

*modern engineer but rather a principle with various possible embodiments ... The same split enabled the transformation of the producer of material devices to thinker and author – the creator of the idea and the author of the specification. In some important ways ... separation is comparable to the one transition from printing privileges to copyright. Writers were recast from producers of material texts to authors of the “personal expression” embodied in the work.*¹³⁶

And so, the conceptualisation of “invention” not as a product itself, but as an inventive idea, gave rise to inventors’ rights, and ensured the centrality of the individual in the grand scheme.¹³⁷ It legitimised the special grant of the monopoly right while, at the same time as it transformed from privilege into property, necessitating a commitment to justify such rights with desert within the law, that is satisfying the subsistence requirements, including the causal link between the inventor and the invention.¹³⁸ As analysed above, this is ensured by the legal requirement of “conception”.¹³⁹

Perhaps it is unsurprising then that philosophers argue that “our focus must be on properly integrating AI technology into a culture that respects and advances the dignity and well-being of humans, and the nonhuman animals with whom we share the world, rather than on the highly speculative endeavour of integrating the dignity of intelligent machines” into our frameworks.¹⁴⁰ It is similarly understandable that the legal institutional responses have not been eager to abandon the basic assumption of the modern age and, as a matter of patent law, it seems the doctrine will continue to place the “human causer” in the centre, as authors such as Professor Daniel Gervais advocate:

*intellectual property law should create incentives only for human ... creativity and inventiveness and that, despite the progressive conflation between natural and artificial creativity and inventiveness, one must endeavour to separate them.*¹⁴¹

It is the human cognitive process which allows for law’s magic to operate – granting property in the immaterial – and it is both the human cognitive process, and human progress, which justify this whole endeavour.¹⁴² It is also still the case that machines need no economic incentives, that they are participants neither in the society nor in the patent bargain, that despite invention being, as a matter of law, a human activity, investment in new technologies is proliferating.¹⁴³

Therefore, perhaps there simply is no reason to undermine the human common good and the goals of patent law for the cause of the artificial inventor. This is what Professor Johanna Gibson recently said:

*[the] qualifying ownership in the doctrine of accession is not merely that of title, it is one of contribution and connection. And the fundamental principles of intellectual property cannot be ruined in order to resolve the financial management of the potential income from AI.*¹⁴⁴

Conclusion

Professor Dan Burk once called artificial inventorship a “bizarre and counterproductive” idea decisively precluded by the US law.¹⁴⁵ He was right, and the same proves true in the UK, the EU, Australia, and others. This is not just a doctrinal insight. The attempts to get rid of the human inventor’s notionally central place undermine the theoretical foundations of patent law, but also strike at modern law more broadly, and it is unsurprising they have been rejected in the dicta examined above. Indeed, this is, generally, where jurisprudence ends, and philosophy begins. In this respect, artificial inventorship is at the same time a radical and corrosive idea, wreaking havoc within the legal system, but also a seemingly moderate one, which does not offer any radical alternatives to IP or the modern state, but doubles down on their most problematic features. Indeed, it does not even try to liberate the robots, but merely to remove causative obstacles to obtaining monopolies – ultimately, at the cost of the common good.¹⁴⁶

- ¹ Research Fellow in the Law and Mobility Program, University of Michigan Law School; LL.M., Georgetown University Law Center; LL.B., King’s College London.
- ² See Claire Gregg and Ryan Abbott, ‘DABUS Down Under – AI at Work in Australia and Around the World’, (September 2022) 129 *Intellectual Property Forum* 32; Ryan Abbott, Rita Matulionyte, and Paul Nolan, ‘A Brief Analysis of DABUS, Artificial Intelligence and the Future of Patent Law’ (September 2021) 125 *Intellectual Property Forum* 10.
- ³ Shanti Escalante-De Mattei, ‘Stephen Thaler’s Quest to Get His ‘Autonomous’ AI Legally Recognized Could Upend Copyright Law Forever’, *Art in America* (Web Page, 8 January 2024) <<https://www.artnews.com/art-in-america/features/stephen-thaler-quest-ai-legally-recognized-upend-copyright-law-1234692243/>>.
- ⁴ Alexandra Jones, ‘Artificial intelligence can now be recognised as an inventor after historic Australian court decision’, *ABC* (Web Page, 31 July 2021) <<https://www.abc.net.au/news/2021-08-01/historic-decision-allows-ai-to-be-recognised-as-an-inventor/100339264>>.
- ⁵ Will Beddingfield, ‘The Inventor Behind a Rush of AI Copyright Suits Is Trying to Show His Bot Is Sentient’, *Wired* (Web Page, 31 August 2023), <<https://www.wired.com/story/the-inventor-behind-a-rush-of-ai-copyright-suits-is-trying-to-show-his-bot-is-sentient/>>.
- ⁶ *Thaler v. Vidal*, 43 F.4th 1207, 1209 (Fed. Cir. 2022) cert. denied, 143 S. Ct. 1783, 215 L. Ed. 2d 671 (2023) (“*Vidal*”).
- ⁷ *Vidal*, 1209.
- ⁸ *Vidal*, 1213.
- ⁹ 35 U.S.C.A. § 101.
- ¹⁰ 35 U.S.C.A. § 100. See John Gladstone Mills III et al (eds), *Patent Law Basics* § 1:13 (Clark Boardman Callaghan, 2023) (“The term ‘invention’ properly signifies that which was created or contrived by man”).
- ¹¹ 35 U.S.C.A. § 102.
- ¹² 35 U.S.C.A. § 103.
- ¹³ 35 U.S.C.A. § 102 (f).
- ¹⁴ See *Bd. of Trs. of the Leland Stanford Junior Univ v. Roche Molecular Sys., Inc.*, 131 S. Ct. 2188, 2192, 2194–5 (2011); *United States v. Dubilier Condenser Corp.*, 289 U.S. 178 (1933).
- ¹⁵ E.g., *Pannu v. Iolab Corp.*, 155 F.3d 1344, 1349 (Fed. Cir. 1998).
- ¹⁶ *Pointer v. Six Wheel Corp.*, 177 F.2d 153, 157 (9th Cir.1949).
- ¹⁷ *Burroughs Wellcome Co. v. Barr Lab’s, Inc.*, 40 F.3d 1223, 1227–28 (Fed. Cir. 1994) (citing *Seuwall v. Walters*, 21 F.3d 411, 415, (Fed. Cir.1994)).

- ¹⁸ *Burroughs Wellcome Co. v. Barr Lab’s, Inc.*, 40 F.3d 1223, 1228 (Fed. Cir. 1994) (citing *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1376 (Fed.Cir.1986)).
- ¹⁹ *Burroughs Wellcome Co. v. Barr Lab’s, Inc.*, 40 F.3d 1223, 1227–28 (Fed. Cir. 1994) (citations omitted). As the Federal Circuit explained:
the test for conception is whether the inventor had an idea that was definite and permanent enough that one skilled in the art could understand the invention; the inventor must prove his conception by corroborating evidence, preferably by showing a contemporaneous disclosure. An idea is definite and permanent when the inventor has a specific, settled idea, a particular solution to the problem at hand, not just a general goal or research plan he hopes to pursue.
at: 1228.
- ²⁰ But see John Villaseñor, ‘Reconceptualizing Conception: Making Room for Artificial Intelligence Inventions’, 39(2) (2023) *Santa Clara High Technology Law Journal* 197.
- ²¹ See Matt Blaszczyk, ‘Impossibility of Emergent Works’ Protection in U.S. and EU Copyright Law’ (2023) 25(1) *North Carolina Journal of Law and Technology* 1.
- ²² Sean M O’Connor, ‘Hired to Invent vs. Work Made for Hire: Resolving the Inconsistency among Rights of Corporate Personhood: Authorship, and Inventorship’ (2012) 35(4) *Seattle University Law Review* 1227, 1229.
- ²³ Donald Chisum, *Chisum on Patents*, § 22.01 (2011).
- ²⁴ *The Case of Sutton’s Hosp.*, (1612) 77 Eng. Rep. 960 (K.B.) 973.
- ²⁵ Sean M O’Connor, ‘Speech, Authorship, And Inventorship: A New Approach To Corporate Personhood’ (University of Washington School of Law Research Paper No. 2012-03, June 2012) 44 <<https://ssrn.com/abstract=2016568>> (“the fact remains that natural person inventors always retain attribution under the patent law, and there is no such thing as a corporate person inventor”).
- ²⁶ *Vidal*, 1211.
- ²⁷ *Vidal*, 1211 (citing *Mohamad v Palestinian Auth.*, 566 U.S. 449, 454, (2012)).
- ²⁸ *Vidal*, 1211-1212. (citing *Univ. of Utah v Max-Planck-Gesellschaft zur Forderung der Wissenschaften E.V.*, 734 F.3d 1315, 1323 (Fed. Cir. 2013) (“inventors must be natural persons and cannot be corporations or sovereigns”); *Beech Aircraft Corp. v EDO Corp.*, 990 F.2d 1237, 1248 (Fed. Cir. 1993) (“only natural persons can be ‘inventors.’”)).
- ²⁹ *Vidal*, 1213 (“Statutes are often open to multiple reasonable readings. Not so here. This is a case in which the question of statutory interpretation begins and ends with the plain meaning of the text.”); see *Southern Pacific Co. v Jensen*, 244 U.S. 205, 221, (1917) (Holmes J., dissenting) (“I recognize without hesitation that judges do and must legislate, but they do so only interstitially; they are confined from molar to molecular motions”).
- ³⁰ *Vidal*, 1213.
- ³¹ U.S. Const. art. I, § 8, cl. 8.
- ³² Matt Blaszczyk, ‘AI is Not Creative Per the USCO and the Courts – And That’s a Good Thing’, *IPWatchdog* (Web Page, 30 November 2023) <<https://ipwatchdog.com/2023/11/30/ai-not-creative-per-usco-courts-thats-good-thing/id=170055/>>.
- ³³ See Request for Comments Regarding Artificial Intelligence and Inventorship, 88 FR 9492.
- ³⁴ Inventorship Guidance for AI-Assisted Inventions, 89 FR 10043.
- ³⁵ Inventorship Guidance for AI-Assisted Inventions, 89 FR 10043.
- ³⁶ Inventorship Guidance for AI-Assisted Inventions, 89 FR 10043. For a discussion of different levels of upstream and downstream involvement in AI-assisted inventorship, see e.g., Trevor F. Ward, ‘DABUS, An Artificial Intelligence Machine, Invented Something New and Useful, but the USPTO is not Buying It’ (2003) 75 *Maine Law Review* 71, 94 (2023).
- ³⁷ See David I Schwartz and Max Rogers, “Inventorless” Inventions? The Constitutional Conundrum of AI-Produced Inventions’ (2022) 35(2) *Harvard Journal of Law and Technology* 531, 531 (“AI cannot be an inventor for constitutional purposes”); Daryl Lim, ‘AI & IP: Innovation & Creativity in an Age of Accelerated Change’ (2018) 52 *Akron Law Review* 813, 858–61 (“It is unlikely ... that an AI can qualify as an inventor under current law. Conception can be performed only by natural persons because AI has no mind to speak of ... [But] [i]t may be better for AI to be identified in a patent application as long as AI is used”); Ben Hattenback and Joshua

- Glucraft, 'Patents in an Era of Infinite Monkeys and Artificial Intelligence' (2015) 19 *Stanford Technology Law Review* 32, 46. But see e.g., Max Stul Oppenheimer, 'The Perks of Being Human' (2023) 80 *Washington and Lee Law Review Online* 323; Briana Hopes, 'Rights for Robots? U.S. Courts and Patent Offices Must Consider Recognizing Artificial Intelligence Systems as Patent Inventors' (2021) 23 *Tulane Journal of Technology and Intellectual Property* 119, 134; Ursula Smartt, 'Can robots have feelings? Should we now apologise to the AI-beast called DABUS and compliment ANNs instead?' (2024) 46(3) *European Intellectual Property Review* 183, 187.
- [2023] UKSC 49.
- See Eva Stanková, 'Human Inventorship in European Patent Law' (2021) 80(2) *Cambridge Law Journal*, 338.
- [2023] UKSC 49, [1].
- [2023] UKSC 49, [6].
- [2023] UKSC 49, [6].
- [2023] UKSC 49, [13].
- [2023] UKSC 49, [27]; see *Patents Act 1977* (UK) s 7(1).
- [2023] UKSC 49, [28–31].
- [2023] UKSC 49, [7].
- See *Patents Act 1977* (UK) s 7(3). This point was also emphasised by the European Patent Office holding:

AI systems or machines have at present no rights because they have no legal personality comparable to natural or legal persons... Where nonnatural persons are concerned, legal personality is only given on the basis of legal fictions. These legal fictions are either directly created by legislation or developed through consistent jurisprudence. In the case of AI inventors, there is no legislation or jurisprudence establishing such a fiction. It follows that AI system or machines cannot have rights that come from being an inventor such as the right to be mentioned as the inventor or to be designated as an inventor in patent application.

European Patent Office 18275163 Grounds of Decision (27 January 2020).
- See *Patents Act 1977* (UK) s 13.
- [2023] UKSC 49, [35].
- [2023] UKSC 49, [37].
- [2023] UKSC 49, [56].
- [2023] UKSC 49, [61]. See also *Rhone-Poulenc Rorer International Holdings Inc v Yeda Research and Development Co Lt* [2007] UKHL 43, [2007] Bus LR 1796 [20]; *University of Southampton's Applications* [2004] EWHC 2107 (Pat), [2005] RPC 220, 234.
- [2023] UKSC 49, [62]–[65].
- Mergenthaler v. Scudder*, 11 App. D.C. 264, 276 (D.C. Cir. 1897).
- [2023] UKSC 49, [75].
- United States v Dubilier Condenser Corp.*, 289 U.S. 178, 188 (1933).
- E.g., James Boyle, 'A Theory of Law and Information: Copyright, Spleens, Blackmail, and Insider Trading' (1992) 80(6) *California Law Review* 1416.
- E.g., Steven Cherenksy, 'A Penny for Their Thoughts: Employee-Inventors, Preinvention Assignment Agreements, Property, and Personhood' (1993) 81(2) *California Law Review* 595; Justin Hughes, 'The Personality Interest of Artists and Inventors in Intellectual Property' (1998) 16 *Cardozo Arts and Entertainment Law Journal* 81.
- See, e.g., *Diamond v. Diehr*, 450 U.S. 175, 185 (1981). See generally Arthur R Miller, 'Common Law Protection for Products of the Mind: An "Idea" Whose Time Has Come' (2006) 119(3) *Harvard Law Review* 703, 716.
- [2023] UKSC 49, [77].
- See E Wyndham Hulme, 'History of the Patent System Under the Prerogative and at Common Law' (1896) 12 *Law Quarterly Review* 141, 141 ("[I]n practice the Statute of Monopolies has been regarded as the first and final source of authority.") On the copyright side, see Ronan Deazley, 'The Myth of Copyright at Common Law' (2003) 62(1) *Cambridge Law Journal* 106. And on "if value, then right", see e.g., Alfred C Yen, 'Brief Thoughts about If Value/Then Right' (2019) 99 *Boston University Law Review* 2479.
- [2023] UKSC 49, [86].
- [2023] UKSC 49, [91]. It is worth mentioning another British case, *Emotional Perception AI Ltd v Comptroller-General of Patents, Designs and Trade Marks*, [2023] EWHC 2948 (Ch), [2024] Bus LR 14. There, the High Court of England and Wales found that artificial neural networks ("ANN") do not fall within the exclusion from patent protection of "program[s] for a computer ... as such" at [84]. See *Patents Act 1977* (UK) s 1(2)(c).
- Adam Mossoff, 'Rethinking the Development of Patents: An Intellectual History 1550–1800' (2001) 52(6) *Hastings Law Journal* 1255, 1272–3, 1300. Cf Oren Bracha, 'The Commodification of Patents 1600–1836: How Patents Became Rights and Why We Should Care' (2004) 38(1) *Loyola of Los Angeles Law Review* 177, 192 (contesting this historiography).
- Actavis Group PTC EHf & Ors v ICOS Corporation & Anor* [2019] UKSC 15, [53].
- [2019] UKSC 15, [53].
- Generics (UK) Ltd (trading as Mylan) v Warner-Lambert Co LLC* [2018] UKSC 56; [2019] Bus LR 360, [17]. For the history, see John N Adams and Gwen Averley, 'The Patent Specification the Role of *Liardet v Johnson*' (2007) 7(2) *Journal of Legal History* 156. As Stanková has argued, the inventive step requirement also reinforces the human inventorship requirement. See Eva Stanková, 'Human Inventorship in European Patent Law' (2021) 80(2) *Cambridge Law Journal*, 338, 357.
- See Case 15/74, *Centrafarm v Sterling Drug* [1974] ECR 1147, [9] ("[T]he specific subject matter of the industrial property is the guarantee that the patentee, to reward the creative effort of the inventor, has the exclusive right to use an invention ..."); Case 19/84, *Pharmon BV v Hoechst AG*, [1985] ECR 2281 [26]; Case T-939/92, *Triazole Herbicides v AgrEvo UK Ltd.*, [1996] EPOR 171, [2.4.2] ("[I]t has for long been a generally accepted legal principle that the extent of the patent monopoly should correspond to and be justified by the technical contribution to the art").
- See *Pennock & Sellers v Dialogue*, 27 U.S. 1, 23 (1829) ("If the public were already in possession and common use of an invention ... [t] here would be no quid pro quo – no price for the exclusive right or monopoly conferred upon the inventor ..."); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 US 141, 161 (1989) (explaining the grant of patent as conditioned on "the quid pro quo of substantial creative effort"); *Flick-Reedy Corp. v Hydro-Line Mfg. Co.*, 351 F.2d 546, 550–1 (7th Cir. 1965) ("The quid pro quo for the monopoly is disclosure which will enable those skilled in the art to practice the invention at the termination of the monopoly, and to 'warn the industry concerned of the precise scope of the monopoly asserted.'") (footnotes omitted).
- Mark A Lemley, 'Property, Intellectual Property, and Free Riding' (2005) 83(4) *Texas Law Review* 1031, 1031.
- Mark A Lemley, 'Property, Intellectual Property, and Free Riding' (2005) 83(4) *Texas Law Review* 1031, 1031. See also *Precision Instrument Mfg. Co. v Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945) ("A patent is ... affected with a public interest [as a] special privilege designed to serve the public purpose of promoting the 'Progress of Science and useful Arts ...' [and] an exception to the general rule against monopolies and to the right to access to a free and open market.")
- See Brian L Frye, 'IP as Metaphor' (2015) 18(3) *Chapman Law Review* 735, 736 ("In theory, intellectual property is justified on welfarist grounds, because it solves market failures in innovation and thereby increases the public surplus. But in practice, the scope of intellectual property rights is unrelated to their ostensible welfarist justification").
- See Shubha Ghosh, 'Patents and the Regulatory State: Rethinking the Patent Bargain Metaphor After Eldred' (2004) 19(4) *Berkeley Technology Law Journal* 1315, 1369.
- See Jeremy Bentham, *The Theory of Legislation* 113 (Richard Hildreth trans.) (Harcourt, Brace and Co., 1931) (1802) ("Property and law are born together, and die together. Before laws were made there was no property; take away laws, and property ceases").
- Oren Bracha, 'The Commodification of Patents 1600–1836: How Patents Became Rights and Why We Should Care' (2004) 38(1) *Loyola of Los Angeles Law Review* 177, 194 ("The fundamental common law criterion for reviewing the validity of monopoly grants [was] whether the grant served the public good. [A] grant that was assumed to be prejudicial to the public good was contrary to law, and thus invalid.") See *Darcy v Allin*, 73 Eng. Rep. 1131 (1603).
- State v Shack*, 277 A.2d 369, 372 (1971).

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- 77 Christopher A Cotropia, 'The Individual Inventor Motif in the Age of the Patent Troll' (2009) 12 *Yale Journal of Law and Technology* 52, 57.
- 78 Christopher A Cotropia, 'The Individual Inventor Motif in the Age of the Patent Troll' (2009) 12 *Yale Journal of Law and Technology* 52, 88.
- 79 Mark A Lemley, 'The Myth of the Sole Inventor' (2012) 110(5) *Michigan Law Review* 709, 709.
- 80 See generally Frank Taussig, *Inventors and Money-Makers: Lectures on Some Relations Between Economics and Psychology* (Macmillan, 1915).
- 81 Graham Dutfield, 'Collective Invention and Patent Law Individualism, 1877–2012 – Or, the Curious Persistence of Inventor's Moral Right', in Stathis Arapostathis and Graham Dutfield (eds.) *Knowledge Management and Intellectual Property: Concepts, Actors and Practices* (Edward Elgar, 2013) 110.
- 82 Gustav Radbruch, 'Law's Image of the Human' (2020) 40(4) *Oxford Journal of Legal Studies* 667, 674–5.
- 83 Gustav Radbruch, 'Law's Image of the Human' (2020) 40(4) *Oxford Journal of Legal Studies* 667, 680.
- 84 Mario Biagioli, 'Patent Republic: Representing inventions, Constructing Rights and Authors' (2006) 73(4) *Social Research* 1129, 1129.
- 85 See generally Christine Macleod, *Heroes of Invention: Technology, Liberalism and British Identity, 1750–1914* (Cambridge University Press, 2007). For a summary, see Christine MacLeod, 'The Invention of Heroes' (2009) 460 (7255) *Nature* 572.
- 86 Graham Dutfield, 'Collective Invention and Patent Law Individualism, 1877–2012 – Or, the Curious Persistence of Inventor's Moral Right' in Stathis Arapostathis and Graham Dutfield (eds.) *Knowledge Management and Intellectual Property: Concepts, Actors and Practices* (Edward Elgar, 2013) 110.
- 87 See generally Adam Mossoff, 'Rethinking the Development of Patents: An Intellectual History, 1550–1800' (2001) 52(6) *Hastings Law Journal* 1255; Adam Mossoff, 'Who Cares What Thomas Jefferson Thought About Patents? Reevaluating the Patent "Privilege" in Historical Context' (2007) 92(5) *Cornell Law Review* 953.
- 88 Chris Otter, 'Making Liberal Objects' (2007) 21(4) *Cultural Studies* 570, 570.
- 89 Of course, the whole IP-property-monopoly distinction makes classical and liberal jurisprudential presuppositions and attaches consequent value judgements. It is rather trite to observe that all property, including that in land, is a monopoly allowing for rent-seeking, at least in a general sense. See generally Karl Marx, 'The German Ideology' in Karl Marx and Frederick Engels, *Collected Works Vol. V* (1975) 209.
- 90 Graham Dutfield, 'Collective Invention and Patent Law Individualism, 1877–2012 – Or, the Curious Persistence of Inventor's Moral Right' in Stathis Arapostathis and Graham Dutfield (eds.) *Knowledge Management and Intellectual Property: Concepts, Actors and Practices* (Edward Elgar, 2013) 110.
- 91 Graham Dutfield, 'Collective Invention and Patent Law Individualism, 1877–2012 – Or, the Curious Persistence of Inventor's Moral Right' in Stathis Arapostathis and Graham Dutfield (eds.) *Knowledge Management and Intellectual Property: Concepts, Actors and Practices* (Edward Elgar, 2013) 110. See also Catherine Fisk, *Working Knowledge: Employee Invention and the Rise of Corporate Intellectual Property, 1800–1930* (University of North Carolina Press, 2009) 252.
- 92 See generally, Dan L Burk, 'Patent Performativity' (2022) 29(2) *Journal of Intellectual Property Law* 280.
- 93 See Jordana Goodman, 'Homography of Inventorship: DABUS and Valuing Inventors' (2022) 20(1) *Duke Law and Technology Review* 1, 2.
- 94 Carys Craig and Ian Kerr, 'The Death of the AI Author' (2021) 52(1) *Ottawa Law Review* 33, 69 (2021).
- 95 See e.g., Jessica Silbey, *Against Progress* (Stanford University Press, 2022); Jessica Silbey, *The Eureka Myth* (Stanford University Press, 2014).
- 96 See Ezinne Mirian Igboke, 'Human to machine innovation: Does legal personhood and inventorship threshold offer any leeway?' (2024) *Journal of World Intellectual Property* 1, 14 (describing an argument that "AI autonomous invention becomes patentable, it will enable the creation of private fortunes for the privileged few that can afford inventing technologies ... this will result to exclusivity over public enjoyment and to avoid this situation, he argued that AI autonomous invention should remain unpatentable").
- 97 See Cecilia Rikap and Bengt-Åke Lundvall, 'Big tech, knowledge predation and the implications for development' (2020) 12(3) *Innovation and Development* 1, 15.
- 98 In this way, of course, jurisprudence and philosophy have different goals and reference separate normative systems. See generally Leslie Green and Thomas Adams, 'Legal Positivism', *Stanford Encyclopedia of Philosophy* (Edward N. Zalta ed., 2019) <<https://plato.stanford.edu/archives/win2019/entries/legal-positivism/>>.
- 99 See Friedrich Nietzsche, *Gay Science* 199 (1882) (Bernard Williams ed., Cambridge University Press, 2001).
- 100 See Michel Foucault, *The History of Sexuality, Vol. 1: An Introduction*, 88–9 (Vintage, 1978).
- 101 Brian L Frye, 'Machiavellian Intellectual Property' (2016) 78(1) *University of Pittsburgh Law Review* 1, 4–5.
- 102 Fritz Machlup, *An Economic review of the Patent System* (Study no. 15 of the Subcommittee on Patents, Trademarks, and Copyright of the Committee of the Judiciary of the United States Senate, 1958).
- 103 See e.g., Peter Stuart Harrison, 'A Good Idea Gone Bad. Can We Still Justify Patent Monopolies?' in Andrew Johnston and Lorraine Talbot (eds) *Great Debates in Commercial and Corporate Law* (Red Globe Press, 2020) 62; Daniel Hemel and Lisa Larrimore Ouellette, 'Innovation Policy Pluralism' (2019) 128(3) *Yale Law Journal* 544; Lisa Larrimore Ouellette, 'Patent Experimentalism' (2015) 101 *Virginia Law Review* 65, 66–84 (overviewing the literature).
- 104 Mark A Lemley, 'The Regulatory Turn in IP' (2012) 36 *Harvard Journal of Law and Public Policy* 109, 113.
- 105 Michael S Moore, 'A Tale of Two Theories' (2009) 28(1) *Criminal Justice Ethics* 27, 30.
- 106 See John Stuart Mill, *Utilitarianism and On Liberty* (Mary Warnock ed., Wiley-Blackwell 2003, 2nd ed). Famously writing "[i]t is better to be a human being dissatisfied than a pig satisfied; better to be Socrates dissatisfied than a fool satisfied": at 188. Similarly, that "it is mostly considered unjust to deprive any one of his personal liberty, his property": at 217.
- 107 See e.g., Carys Craig and Ian Kerr, 'The Death of the AI Author' (2021) 52(1) *Ottawa Law Review* 33; see generally Madhavi Sunder, *From Goods to a Good Life* (Yale University Press, 2012).
- 108 See generally Leslie Green and Thomas Adams, 'Legal Positivism', *Stanford Encyclopedia of Philosophy* (Edward N Zalta ed., 2019) <<https://plato.stanford.edu/archives/win2019/entries/legal-positivism/>>.
- 109 Oren Bracha, 'The Commodification of Patents 1600-1836: How Patents Became Rights and Why We Should Care', (2004) 38(1) *Loyola of Los Angeles Law Review* 177, 181–2.
- 110 See e.g., Abeba Birhane, Jelle van Dijk, Frank Pasquale, 'Debunking Robot Rights Metaphysically, Ethically, and Legally' (2024) 29(4) *First Monday*.
- 111 Thomas Heinz Meitinger, 'Artificial intelligence as an authority for testing the inventive step of an invention – a view from Germany' (2023) 18(7) *Journal of Intellectual Property Law and Practice* 482, 484; see also e.g., Eva Stanková, 'Human Inventorship in European Patent Law' (2021) 80(2) *Cambridge Law Journal*, 338, 338.
- 112 See Federal Patent Court, Case 11 W (pat) 5/21, decision of 11 November 2021, ECLI:DE:BPatG:2021:111121B11Wpat5.21.0 – Food container.
- 113 Daria Kim, 'The Paradox of the DABUS Judgment of the German Federal Patent Court' (2022) 71(12) *GRUR International* 1162, 1164.
- 114 Daria Kim, 'The Paradox of the DABUS Judgment of the German Federal Patent Court' (2022) 71(12) *GRUR International* 1162, 1164.
- 115 See Decision of 21 June 2023 – 18 W (pat) 28/20a; see also Richard M Assmus et al., 'Can AI Be an Inventor? The US, UK, EPO and German Approach' *Mayer Brown* (Web Page, 9 January 2024), <<https://www.mayerbrown.com/en/insights/publications/2024/01/can-ai-be-an-inventor-the-us-uk-epo-and-german-approach>>.
- 116 *President of the German Patent and Trademark Office v. Thaler*, X ZB 5/22 (11 June 2024).
- 117 X ZB 5/22 [40].
- 118 X ZB 5/22 [39], [44].

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- 119 *Thaler v Commissioner of Patents* (2021) 160 IPR 72.
- 120 Nick Li and Tzeyi Koay, 'Artificial intelligence and inventorship: an Australian perspective' (2020) 15(5) *Journal of Intellectual Property Law and Practice* 399, 401.
- 121 See Joseph Straus, 'Artificial intelligence and patenting: some lessons from "DABUS" patent applications' (2022) 44(6) *European Intellectual Property Review* 348; Rita Matulionyte, 'AI as an Inventor: Has the Federal Court of Australia Erred in DABUS?' (2022) 13(2) *Journal of Intellectual Property, Information Technology and E-Commerce Law* 99.
- 122 *Commissioner of Patents v Thaler* (2022) 401 ALR 551.
- 123 (2022) 401 ALR 551, [101].
- 124 (2022) 401 ALR 551, [105].
- 125 (2022) 401 ALR 551, [113]. On 11 November 2022, the High Court of Australia denied Dr Thaler's application for special leave to appeal the Full Court of the Federal Court of Australia's decision: *Thaler v Commissioner of Patents*: [2022] HCATrans 199.
- 126 European Patent Office (EPO) J 0008/20 (Designation of inventor/ DABUS) of 21.12.2021
- 127 See *Thaler v Commissioner of Patents* [2023] NZHC 554 [33].
- 128 See generally <<https://artificialinventor.com/patent>>. It is perhaps worth noting that South Africa is the outlier, where artificial inventorship has been recognised, though for procedural reasons only. See Desmond Osaretin Oriakhogba, 'Dabus Gains Territory In South Africa And Australia: Revisiting The AI-Inventorship Question' (2021) 9 *South African Intellectual Property Law Journal* 87; Christopher Mhangwane and David Cochrane, 'South Africa was wrong to patent an AI's "invention"' *TechCentral* (Web Page, 8 December 2022), <<https://techcentral.co.za/south-africa-was-wrong-to-patent-an-ais-invention/218389/>>.
- 129 Roger Cotterrell, 'Culture, Power and the Human Animal: A Reply' (2009) 4(4) *International Journal of Law in Context* 407, 408–9. For a popular argument that denial of physical reality is the basis of not just law, but of culture and human psychology, see Ernest Becker, *The Denial of Death* (Free Press, 1973).
- 130 Jessica Silbey, 'The Mythical Beginnings of Intellectual Property' (2008) 15 *George Mason Law Review* 319, 326–8.
- 131 Erich Fromm, *Marx's Concept of Man* 52 (Bloomsbury Academic, 2004).
- 132 John Tasioulas, 'Justice, Equality, and Rights' in Roger Crisp (ed), *The Oxford Handbook of the History of Ethics* (Oxford University Press, 2013) 768, 768.
- 133 See generally Jeremy Waldron, *God, Locke, and Equality* (Cambridge University Press, 2002) 44–82; John Dunn, *The Political Thought of John Locke* (Cambridge University Press, 1969) 96–104.
- 134 Christoph Kletzer, 'Kelsen and Blumenberg: The Legitimacy of the Modern Age', (2014) 25(1) *King's Law Journal* 1, 29–33. See also Carl Schmitt, *Political Theology* 36 (MIT Press, 1985) ("[A]ll significant concepts of the modern theory of the state are secularized theological concepts not only because of their historical development"); G E M Anscombe, 'Modern Moral Philosophy' (1958) 33(124) *Philosophy* 1.
- 135 See generally Max Horkheimer and Theodor W Adorno, *Dialectic of Enlightenment* 5 (Gunzelin Schmid Noerr ed.) (Stanford University Press, 2002) ("[T]he myths which fell victim to the Enlightenment were themselves its products"); John Graym, *Seven Types of Atheism* 72 (Penguin, 2019) ("[S]ecular thought is mostly composed of repressed religion").
- 136 Mario Biagioli, 'Patent Republic: Representing inventions, Constructing Rights and Authors' (2006) 73(4) *Social Research* 1129, 1143–4.
- 137 Mario Biagioli, 'Patent Republic: Representing inventions, Constructing Rights and Authors' (2006) 73(4) *Social Research* 1129, 1143–144. See also Dan L Burk, 'Causation and Conception in American Inventorship', (2021) 20(1) *Duke Law and Technology Review* 116, 122 ("American patent doctrine has almost entirely separated the act of invention from the act or acts of material instantiation of the invention. Under US law, the act of invention is entirely mental work, dubbed 'conception,' which is bifurcated from the invention's 'reduction to practice' as a material object".)
- 138 See Fritz Machlup and Edith Penrose, 'The Patent Controversy in the Nineteenth Century' (1950) 10(1) *Journal of Economic History* 1, 16.
- 139 Cf. *President of the German Patent and Trademark Office v. Thaler*, X ZB 5/22 (11 June 2024).
- 140 John Tasioulas, 'Artificial Intelligence, Humanistic Ethics' (2022) 151(2) *Dædalus, the Journal of the American Academy of Arts and Sciences* 232, 240.
- 141 Daniel J Gervais, 'The Human Cause', in Ryan Abbott (ed), *The Research Handbook on Intellectual Property and Artificial Intelligence* (Edward Elgar Publishing, 2022) 21.
- 142 Andreas Rahmatian, 'Copyright and artificial intelligence - is there anything new to say?' (2024) 36 *European Intellectual Property Review* 25, 29; Daniel J Gervais, 'Artificial Inventors' (Vanderbilt Law Research Paper No. 23-28, June 2023) 3.
- 143 Daniel J Gervais, 'Artificial Inventors' (Vanderbilt Law Research Paper No. 23-28, June 2023) 3.
- 144 Johanna Gibson, 'People or Patents, Inventors or Owners: Why the Supreme Court Decision on Artificial Intelligence and Invention in Thaler is Significant for all Intellectual Property' (2024) 14(1) *Queen Mary Journal of Intellectual Property* 1, 5. See Haochen Sun, 'Artificial Intelligence Inventions' (2022) 50(1) *Florida State University Law Review* 61, 122 ("If AI systems are not in a legal position to own patent rights over their inventions, then we should not recognize their inventorship status. As responsibility is central to human society, AI systems must be evaluated by whether they have the capacity to behave responsibly ... human inventors and AI systems must protect the public domain. Without a robust public domain, science and technology will perish, with deadly consequences for both humankind and AI systems"); see also e.g., Pressley Nietering, 'Why Artificial Intelligence Shouldn't Be a Patent Inventor' (2022) 5 *Arizona Law Journal of Emerging Technologies* 1.
- 145 Dan L Burk, 'Causation and Conception in American Inventorship' (2021) 20(1) *Duke Law and Technology Review* 116, 116.
- 146 Some worry that faced with superintelligence, "humanity's greatest hope may not be to be treated as peers, but at least to be seen as more than things": Simon Chesterman, 'Artificial Intelligence and the Limits of Legal Personality', (2020) 69(4) *International and Comparative Law Quarterly* 819, 843. Be that as it may, it does seem reasonable that the law should attempt to prevent such course of history, or at least not give it further force. See also e.g., Simon Chesterman, 'Good Models Borrow, Great Models Steal: Intellectual Property Rights and Generative AI' (2024) *Policy and Society* 1.

Book Review: *Counterfeit Goods and Organised Crime*

Siobhán Ryan KC¹

[Edward Elgar 2023 pp 292. The e-book version is priced from UK£25/AU\$49 from e-book vendors while in print the book can be ordered from the Edward Elgar Publishing website <www.e-elgar.com>.]

Michael Blakeney

After a summer spent revisiting John le Carré's *George Smiley* and Mick Herron's *Slough House* series,² I returned to Chambers resigned to the slow burn of case reports and online services. So, the opportunity to review Professor Michael Blakeney's *Counterfeit Goods and Organised Crime* was a welcome diversion. Blakeney is the Winthrop Professor of Law at the Law School of the University of Western Australia. Blakeney might not be John le Carré or Mick Herron but in this book, he delivers a disturbing and thought provoking read.

Counterfeit Goods and Organised Crime delves deeply into its subject matter, and so it must because the message that emerges is that counterfeiting is a scourge that will not easily be stopped. The three pages of abbreviations that open the book signpost the breadth and global nature of the problem: from "ACC" (Australian Crime Commission) to "EASA" (European Union Aviation Safety Agency), and the United States' "ICE" (Immigration and Customs Enforcement), "MEMA" (Motor and Equipment Manufacturers Association) and "RICO" (*Racketeer Influenced and Corrupt Organizations Act*) which collectively sound like the roll call of a street gang.

The book is divided into four parts: "Part I Definitions, Metrics and Anti-Counterfeiting Legislation"; "Part II Confiscation of the Proceeds of Counterfeiting"; "Part III Case Studies"; and "Part IV Recommendations". Chapter 1, "Definitions and metrics" opens predictably, "There is no consistent legal terminology which embraces the diverse manifestations of counterfeiting."³ Since when have different states, government and non-government organisations and academics ever agreed on terminology? Blakeney observes that the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") confines the term to "counterfeit trademark goods", whereas other industrial property rights such as patents, industrial designs, layout designs, plant variety rights, geographical indications and confidential information are also used to produce unauthorised goods which emulate those of the rights holder. The alternative term "Intellectual Property Crime" or "IP Crime" is preferred because it captures counterfeiting by breach of those other rights as well as trade marks. Counterfeiting by copyright infringement is the preserve of "piracy" and is not dealt with in this book except where there is an interface with other forms of rights infringement.⁴ The definition of "Organised Crime" is also problematic and Blakeney refers to "... the voluminous literature which addresses that concept."⁵

One thing that is certain, however, is the enormity of the financial losses caused by the trade in counterfeit goods even if the organisations tracking it cannot agree on finite numbers or methodology.⁶ For example, a 2007 Organisation for Economic Co-operation and Development ("OECD") report on *The Economic Impact of Counterfeiting and Piracy* estimated that international trade in counterfeit and pirated products could have been up to US\$200 billion in 2005, but stated that this estimate was only "a crude indicator".⁷ The OECD's source material comprised questionnaires sent to customs officials and government officials and meetings with music, film, pharmaceutical and automotive industry representatives. Blakeney points out that there are vested interests within that cohort; for example, for traders to overstate the sales they might have made but for the counterfeiting, and for the enforcement sector to exaggerate their statistics to secure better funding.

The division of the market for counterfeit goods into two categories, namely the genuinely deceptive duplicates and the obvious fakes, is well understood. Blakeney observes that whilst there is no demand for the first category, the demand drivers for the second category are varied. These range from the exorbitant pricing of luxury goods being an incentive for counterfeit copies, to consumer attitudes which value fashion over functionality, and environmental factors such as in markets like China where consumers have become so used to cheap counterfeits that they are simply unwilling to pay for genuine products.

It would not be 2024, if a text did not say something about the effects of social media. Blakeney reports findings that social media influencers are "key catalysts" in creating the intention to buy counterfeits⁸ and that the United Kingdom Intellectual Property Office estimates in its 2021 *Influencer Report* that 10 per cent of female participants aged 16 to 60 were prompted by social media endorsements to buy counterfeits.⁹ In chapter 10 titled "Medicines and pharmaceuticals", Blakeney reports that in the 2015–18 period, pharmaceutical manufacture Pfizer identified more than 10,000 Facebook accounts selling counterfeit Pfizer medications.¹⁰

The cases studies in Part III elevate *Counterfeit Goods and Organised Crime* out of the generalised studies and statistics of the preceding chapters. In chapter 10, "Blakeney takes us back to the classical world when writers such as Pliny the Elder expressed concern over the falsification of medicines,

with Dioscorides of Anazarbus advising on the detection of counterfeits in his *Materia Medica* (50–70 AD). In the modern world, sadly, there is a bias towards counterfeiting in developing countries with life-saving medicines for malaria, tuberculosis and HIV/AIDS being targeted. Blakeney cites a 2008 report that found 35 per cent of the drug samples tested in a study of anti-malarial drug quality in Africa failed internationally acceptable standards of pharmaceutical ingredient content.¹¹ Another study in 2015 reported that the active pharmaceutical ingredient was absent in about one-third of 4,000 anti-malarial drug samples from pharmacies in seven South-East-Asian and 21 Sub-Saharan African countries.¹² In Niger in 1995, a vaccination program to counter a meningitis epidemic was infiltrated by counterfeiters, resulting in an estimated 60,000 people receiving medicine that contained no active ingredients and an estimated 2,500 avoidable deaths.¹³ By contrast, in industrialised countries the principal targets are lifestyle medicine such as treatments for hair loss, erectile dysfunction and weight management. However, the following examples from the COVID-19 pandemic demonstrate that no one and no country is immune:

*Counterfeit facemasks have been attributed to deaths of doctors treating Covid-19 patients. The California health department was reported to have obtained 30 million of the preferred N95 masks from the manufacturer 3M Corporation which had manufactured only 20 million such masks the previous year. The European Safety Federation (ESF), a trade association of suppliers of personal protection equipment (PPE), issued a report on 11 May 2020 warning of fake certificates for PPE allegedly coming from 14 leading suppliers of PPE ...*¹⁴

*... during Operation Panga XIV, conducted in May 2021 [an Interpol operation to disrupt the sale of counterfeit and illicit health products], fake and unauthorised Covid-19 testing kits accounted for more than half the medical devices seized with the seizure of potentially dangerous pharmaceuticals worth more than US\$23 million. In Italy, authorities recovered more than 500,000 fake surgical masks as well as 35 industrial machines used for production and packaging.*¹⁵

In this chapter, Blakeney highlights problems caused by agencies and organisations not being able to agree on a cohesive definition of counterfeiting because this affects how the problem is perceived and what resources are committed to it. For example, definitions of counterfeiting in the medical/pharmaceutical sector range from the unauthorised application of trade marks on an otherwise conforming product, to the distribution of medicines containing no active pharmaceutical ingredient, per the Niger example above.

Blakeney also identifies the attraction of medical and pharmaceutical products for organised crime groups. The choice is driven by profitability (especially when the active pharmaceutical ingredient is absent); low risk of detection

and/or prosecution (especially in developing countries); and low penalties. According to the International Federation of Pharmaceutical Manufacturers and Associations (“IFPMA”) counterfeiting a blockbuster medicine can generate a profit in the region of US\$500,000 for an initial investment of US\$1,000.¹⁶ The cycle of epidemics and pandemics and the associated havoc is also a contributor.

Chapter 13, “Luxury goods” (clothes, footwear, leathers, goods, watches, jewellery and perfumes) have long been targets of counterfeiters. Blakeney’s case study exposes a new kind of counterfeiting. To the familiar categories of cheap fakes and overruns, we can now add fake overruns; that is high-quality counterfeits masquerading as overruns of legitimate suppliers. In other words, counterfeit counterfeits. These are said to be particularly damaging to brand owners because they have a greater capacity to displace genuine products in the market place (and presumably are more difficult for brand owners to police than contract factory overruns).

Not surprisingly, the internet has replaced street markets as the primary place of purchase of counterfeit goods. The internet is also easier to survey than Canal Street (New York), Itaewon (Seoul), Petaling Jaya (Kuala Lumpur) and Patpong (Bangkok). Researchers and investigators have tools at their disposal, such as logo detection technology and analytics, which yield disturbing statistics such as a 2019 study which identified almost 57,000 active counterfeit accounts on Instagram which yielded 64 million posts.¹⁷ The authors produced a ladder of the 15 brands mentioned most in counterfeiters’ posts. Louis Vuitton, Chanel and Gucci took the first to third places, accounting for 54 per cent of mentions.

In contrast to counterfeit medicines and pharmaceuticals, the growth of the market for counterfeit luxury goods is driven by consumer desire. One study in 2015 estimated that approximately half of all luxury counterfeit products are intentionally purchased by consumers.¹⁸ A 2022 European Intellectual Property Office survey of young people in the European Union found that 37 per cent had intentionally purchased fake products in the previous 12 months.¹⁹ Conversely, one study suggested that the counterfeiters’ promotional activities can increase sales of authentic products.²⁰ However, that is hard to accept. Certainly, the luxury brands have taken on counterfeiters in the courts. *Hermes International v John Doe*²¹ is a far-reaching judgment in which a US District Court Judge shut down 34 websites including HermesBags-Outlet.net, HermesBirkin-Bags.org and HermesOutletStore.com by injunctioning internet service providers, merchant account providers and search engines including Google, Bing and Yahoo! from providing services to the defendants or links to their websites. The Court also ordered Facebook Inc and Twitter Inc to “de-index” and remove links to the infringers and awarded US \$100 million in damages made retrievable through the defendants’ PayPal accounts.²² Blakeney also mentions cases

brought against eBay by luxury brand owners Louis Vuitton in France (successfully) and L'Oréal in the United Kingdom (unsuccessfully).

Counterfeit vehicle and aircraft parts represent a darker side of the trade because of the obvious safety issues arising from counterfeits being typically manufactured from sub-standard materials (brake shoes and brake pads made from compressed grass and woodchips; tyres re-grooved to camouflage unacceptable tread depth) or missing safety features (batteries without electrolyte leakage inhibitors; re-conditioned airbags). A 2009 US Federal Aviation Authority ("FAA") report estimated that 2 per cent of parts installed in aeroplanes annually are counterfeit or unapproved. The consequences can be catastrophic. In the early 2000s, 10 airplane crashes were attributed to a spare parts scam by which old and faulty parts were sold as new and certified/parts. The American Airlines crash in New York in 2002 which killed 285 people was linked to the scam.²³

Blakeney's case studies also include food, wines and spirits, agricultural chemicals and toys, with each market having its own idiosyncrasies. As Blakeney observes:

*The range of products that have been counterfeited is almost infinite. If a profit can be made from the sale of fake goods, they will be counterfeited.*²⁴

Whilst this review has focused on the nature and effect of counterfeiting and the case studies, other significant parts of the book examine legislative responses to counterfeiting in different countries and under international treaties and agreements such as TRIPs and the Anti-counterfeiting Trade Agreement ("ACTA") plus practical remedies such as search, seizure and confiscation. The book concludes with "Recommendations".

Blakeney's writing in the book is tight. As will be seen from this overview, there are many, many studies and reports into his subject-matter from sources around the globe. He weaves voluminous information into neat summaries and segues, leading the reader to the next idea easily and logically. Its references to the primary intra- and international organisations dealing with counterfeit goods and organised crime and to the relevant legislation, treaties and agreements make this book a useful handbook, as well as an enlightening read about a subject that possibly does not receive the attention it should from intellectual property practitioners.

1 Barrister, List G Barristers, Victorian Bar.

2 John le Carré, *George Smiley* series (Penguin Random House, 1961-2017); Mick Herron, *Slough House* series (Penguin Random House, 2010-22).

3 Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 2.

4 Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 3.

5 Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 4.

6 Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 7-12.

7 Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 1.

8 Xin Jean Lim et al, 'The impact of social media influencers on purchase intention and the mediation effect of customer attitude' (2017) 7(2) *Asian Journal of Business Research* 19-36, cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 17.

9 United Kingdom Intellectual Property Office, *Influencer Report: The Impact of Complicit Social Media Influencers on the Consumption of Counterfeit Goods in the UK* (2021), cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 17.

10 Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 172-3.

11 Gaurvika M L Nayyar et al, (2012) 'Poor-quality antimalarial drugs in southeast Asia and sub-Saharan Africa' (2012) 12(6) *The Lancet Infectious Diseases*, 12(6): 488-96, cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 164.

12 Roger Bate et al, (2008) 'Antimalarial drug quality in the most severely malarious parts of Africa - a six country study' (2008) 3(5), *PLoS ONE*, 3(5): e2132, cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 164.

13 Bernard Pécoul et al, (1999) 'Access to essential drugs in poor countries: a lost battle?' (1999) 281(4), *Journal of the American Medical Association*, 281: 361-7, cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 173.

14 Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 164-5.

15 Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 176-7.

16 Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 178.

17 Andrea Stroppa et al, 'Instagram and counterfeiting in 2019: new features, old problems' (Report, 2019) <https://ghostdata.io/report/Instagram_Counterfeiting_GD.pdf>, cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 227.

18 Julie E Francis, Lois Burgess, and Mingyuan Lu, 'Hip to be cool: A Gen Y view of counterfeit luxury products' (2015) 22(7) *Journal of Brand Management* 588-602, cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 224.

19 European Union Intellectual Property Office, 'Fake products and online piracy: new trends in young Europeans' behaviour' (2022, Report), cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 227.

20 Yi Qian, 'Counterfeiters: Foes or Friends? How counterfeits affect sales by product quality tier' (2014) 60(10) *Management Science*, 2381-400, cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 228.

21 (2012) 12-CV-1623, Southern District of New York (Manhattan), cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 230.

22 Patricia Hurtado, 'Hermes Wins \$100 Million Damages From Counterfeit Websites' *Bloomberg* (Web Page, 1 May 2012), <<https://www.bloomberg.com/news/articles/2012-04-30/hermes-wins-100-million-in-damages-from-websites-selling-fakes>>, cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 230.

23 Philip Willan and Julian Borger, 'Second-hand aircraft parts scam linked to 10 air crashes', *The Guardian* (online, 29 January 2002) <<https://www.theguardian.com/business/2002/jan/29/theairlineindustry.internationalnews>>, cited in Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 248.

24 Michael Blakeney, *Counterfeit Goods and Organised Crime* (Edward Elgar Publishing, 2023) 245.

Book Review: *Australian Trade Mark Law: 3rd Edition*

Andrew Sykes¹

By Robert Burrell and Michael Handler

[LexisNexis 2024 pp 925. The print and e-book versions are both priced AU\$215 and can be ordered from the LexisNexis website <<https://store.lexisnexis.com/en-au>>.]

It has been eight years since Professors Robert Burrell and Michael Handler authored the second edition of their text, *Australian Trade Mark Law*.² Now the third edition has been well worth the wait.³

Some of the highlights of this text, which are discussed below, include:

- its balance of detail with excellent structure, making it an ideal text for practitioners, students and academics alike;
- significant new analysis on the factual distinctiveness of trade marks;
- raising the prospect of website blocking orders for trade mark infringement; and
- a new chapter on the role and regulation of trade mark attorneys.

Detailed Content Balanced with Excellent Structure

The sheer size of this edition has greatly increased. However it is a relief that the authors have managed to perfectly balance the desire for precise critical analysis of the law with a well signposted structure.

For example, Chapter 12 now analyses the defences to trade mark infringement in its own discrete chapter. In does so in a concise 39 pages. And on the first of these 39 pages it, like all other chapters, contains a sub-index whereby a busy practitioner can easily identify the defence about which they wish to read. Defences that do not require extensive commentary are addressed concisely. Whilst more complex defences, like the s.122A parallel importing defence, are given more attention, but with sufficient signposting. Hence the chapter operates as an effective tool for practitioners. However this chapter, and many other parts of this book, achieve an outcome that is rarely well executed in academic texts. Namely, the chapter provides rigorous academic analysis of the law without detracting from its value for practical application. The reader can, on one hand, quickly review the prior use defence in a concise three pages or, on the other hand, read more detailed analysis on the history and policy behind parallel importing defences.

A trap for many subsequent additions of legal texts covering large subject matter is that they appear as piecemeal projects. It can become obvious to a reader that they have been built upon stage by stage. And, in worst case scenarios, they can

become somewhat of a literary Frankenstein's monster, losing coherency and mixing outdated case law and authority with modern thought. However Burrell and Handler's *Australian Trade Mark Law: 3rd Edition* has clearly not fallen into this trap. The authors have obviously put great effort into ensuring this work is thorough, up to date and easy to navigate. It is further obvious they have thought about how to structure the large text in a manner that makes it easy for the reader to use.

New Analysis on Factual Distinctiveness

Putting prior conflicting trade marks to one side, any practising trade mark attorney would readily observe that the most common obstacle to acceptance raised by trade mark examiners is distinctiveness. Namely, that the trade mark lacks the requisite ability to distinguish the applicant's goods and services from those of other traders under s.41 of the *Trade Marks Act* 1995 (Cth). Further, a common and pragmatic way to overcome such objections is to provide evidence of the trade mark acquiring in fact, an ability to distinguish. Unfortunately, whilst s.41 objections are common, inadequately prepared evidence of factual distinctiveness is also common. This is no doubt an area of practice where all trade mark attorneys could benefit from gaining further knowledge on how to best evidence factual distinctiveness for their clients. Burrell and Handler's section on Factual Distinctiveness in Chapter 4 is therefore the perfect antidote.

This section has significantly built on the foundations laid in the earlier editions of the text. The authors draw on more than case law. They observe the stated policies of the Australian Trade Mark Office. They also observe the practices of overseas Trade Mark Offices, such as those in the United Kingdom and Singapore. Finally, they offer their own observations and informed pragmatic opinions.

The subsection titled "Quantitative data, qualitative data and the question of reliance" is particularly thought provoking. In this very well researched and considered section, the authors observe the practice of the Australian Trade Marks Office in prioritising reliance on quantitative data as to how the mark has been or will be used and marketed rather than more qualitative material regarding the impact of that use. The authors then go on to observe the obvious practical restrictions with obtaining and preparing such qualitative

material, like survey evidence, before making a number of pragmatic suggestions to overcome such restrictions. The authors further highlight the importance of practitioners collecting evidence, turning their minds to qualitative material that concerns the impact of trade mark use.

Raising the Prospect of Website Blocking Orders for Trade Mark Infringement

In their chapter on litigation and remedies, the authors have written an interesting new section titled “Website Blocking Orders”. In this section, the authors pose the question of whether website blocking orders are available to trade mark owners in Australia as a remedy to infringement. Essentially, the question posed by the authors is: can an innocent internet service provider be ordered to block access to an infringer’s website from which infringing goods are available? Such orders are available in the *Copyright Act 1968* (Cth) for copyright owners to protect against copyright infringement. However no equivalent provisions exist in the Trade Marks Act.

The authors recognise that the fact the legislature has introduced express provision for such remedies in the Copyright Act, but not the Trade Marks Act, would seem to weigh against an argument for the remedies being available for trade mark infringement. They proceed to delve deeper into the powers and rules of the Federal Court of Australia and the treatment of analogous circumstances in the United Kingdom Courts. The analysis that the authors undertake is far too detailed to sufficiently and fairly summarise here. However suffice to say, they make a convincing argument that Australian courts may well embrace regarding the making of such orders to prevent ongoing trade mark infringement.

Addressing online infringements can be difficult, time consuming and costly. Trade mark owners need to utilise various forms of enforcement to avoid such inconveniences. Website blocking orders can be an important resource for intellectual property owners to address such infringements. They have indeed played an important role in preventing copyright infringements. The authors’ approach to considering whether this remedy is available to trade mark owners does not only show the highest level of cross-jurisdictional academic analysis, it is analysis that is very much in the public interest. This is but one of many examples of the authors applying their efforts and skills on an important issue that matters. The authors should particularly be commended for focusing their work on a matter of public interest and it will hopefully lead to courts considering in detail the availability of orders for trade mark owners addressing trade mark infringement and ongoing confusion in the Australian market.

New Chapter on the Role and Regulation of Trade Mark Attorneys

The authors’ new chapter on the role and regulation of trade mark attorneys provides important commentary on,

inter alia, professional conduct obligations, disciplinary proceedings, separation between the role of attorneys and lawyers and attorney-client privilege.

Given relatively recent developments to the professional conduct regime which governs trade mark attorneys, this chapter is valuable to both experienced and new attorneys.

The authors provide significant and useful commentary on the obligations of trade mark attorneys under the *Code of Conduct for Trans-Tasman Patent and Trade Mark Attorneys 2018*. In addition, a separate section provides commentary specifically on the work of trade mark attorneys and work reserved for legal practitioners. Importantly, the authors highlight here that grey areas exist over the precise boundaries of what is “trade mark work” that a registered trade mark attorney may engage in. Whilst it is clear that trade mark attorneys cannot conduct court proceedings, which are reserved for lawyers, it is less clear whether they may stray outside their powers in giving advice on areas related to trade mark law. The chapter is therefore an essential resource for trade mark attorneys, who are not dual-qualified as lawyers with practising certificates, facing such concerns over what they can, and cannot, advise on. The very existence of these concerns highlighted by the authors also provides a strong case for dual-qualified trade mark attorney/lawyers to maintain their practising certificates as lawyers.

The section on the powers and operation of the Trans-Tasman IP Attorneys Board and the Trans-Tasman IP Attorneys Disciplinary Tribunal also provides a valuable resource for trade mark attorneys who face disciplinary proceedings or practitioners who are advising and assisting such attorneys. The section goes beyond the mere structure of the disciplinary regime and addresses Tribunal decisions and penalties, as well as standards of evidence expected to support a finding of guilt. It also addresses avenues of appeal.

Finally in this new chapter, the section on trade mark attorney privilege is particularly important for those practising as a registered trade mark attorney. Whilst many registered trade mark attorneys are dual-qualified lawyers, with experience in court processes and the laws of evidence, many are not. The day-to-day practice of a registered trade mark attorney who is not a dual-qualified lawyer will likely involve very little exposure to the laws of evidence. The laws of evidence do not apply in proceedings before the Australian Trade Marks Office and it is not the role of trade mark attorneys to conduct proceedings in court. However it is vital for trade mark attorneys to not only be cognisant that the attorney-client privilege exists to protect their clients but to understand the operation of that privilege. For example, a registered trade mark attorney must understand what is required to maintain privilege on behalf of their client and protect against an incidental waiver of the same. The authors have now provided a resource for such registered trade mark attorneys.

Conclusion

Whilst it was a long wait for this third edition, we should all be pleased and grateful that Professors Burrell and Handler took the necessary time to produce such an excellent work. With any text, the authors must consider their target audience. The difficulty with legal texts that cover broad subject matter is that the target audience will often consist of a range of people who may be seeking quite different outcomes from reading. A busy practitioner may be focused on finding the correct answer quickly, hence structure and simplicity in writing become essential. An academic, student or practitioner interested in law reform may want more detail on history and policy. Whilst a new practitioner or student will not doubt require a text that teaches from fundamental principles upwards.

What is astounding about this text is it satisfies all these target audiences. I personally found myself to be the kind of reader that did not neatly fit into one particular target audience. At times, in practice, I want to find the answer or necessary authority on point quickly. At other times, I am particularly interested in the policy and history behind provisions of our present Trade Marks Act. However it is clear from how the authors have written this text that readers can pick up the text and quickly find an answer or necessary authority and can, equally, take some time to read separate sections on policy, law reform or the engaging commentary of the authors. It must have taken great attention to write a text of this length and be completely cognisant of the range of readers the authors were writing for. It is an excellent work for practitioners, academics and students alike.

- 1 Andrew Sykes is a barrister and registered trade mark attorney. He is a founding member of Emmerson chambers in Melbourne and practises predominately in trade mark law, domain names and passing off.
- 2 Robert Burrell and Michael Handler, *Australian Trade Mark Law: 2nd Edition* (Oxford University Press, 2016).
- 3 Robert Burrell and Michael Handler, *Australian Trade Mark Law: 3rd Edition* (LexisNexis, 2024).

Book Review: *Intellectual Property Rights in the Post Pandemic World*

An Integrated Framework of Sustainability, Innovation and Global Justice

Doug Calhoun¹

Edited by Taina Pihlajarinne, Jukka Mähönen and Pratyush Nath Upreti

[Edward Elgar 2023 pp 376. The e-book version is priced from UK£25/AU\$49 from e-book vendors while in print the book can be ordered from the Edward Elgar Publishing website <www.e-elgar.com>.]

This book, edited by Professors Taina Pihlajarinne and Jukka Mähönen and Dr Pratyush Nath Upreti, is a collection of 17 essays divided into three parts. It takes a retrospective view of lessons learned from the role that intellectual property rights (“IPRs”) played in the response to the COVID-19 pandemic, how IPRs may be harnessed in a way that promotes sustainability, and how to finance IPRs to achieve sustainability. It is an eclectic collection with ambitious goals, appealing to IP scholars, but perhaps leaving more practical minds wondering how the theories advanced might be put into practice.

In the introduction, the three editors state that their objectives were to understand the current problems and to develop a framework for moving ahead in a post-pandemic legal order. The project began in 2021, but was published in 2023. The World Health Organisation (“WHO”) declared the COVID-19 pandemic to be over in May 2022. The 2024 WIPO World IP Day² promoted the role of IPRs in achieving the United Nation’s 17 Sustainable Development Goals (“SDGs”). The timing of the book fits in well with both of these events.

The editors identify a circle between SDGs, sustainability in general, and IPRs. Many of the SDGs include detailed technical targets thereby offering incentives to invent new solutions, inspiring innovations and IPRs to protect them. They suggest that financing the innovations and IPRs is becoming easier as more companies are taking sustainability into consideration as a consequence of unsustainability becoming a financial risk.

Part I: New Paradigms of Intellectual Property Rules in COVID-19

Chapter 2, by Peter K Yu, outlines the attempt by India and South Africa to establish a waiver of many of the substantive Articles of the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”) to “facilitate the prevention, containment or treatment of COVID-19”. Yu sets out the arguments for and against the waiver, with countries seeing IPRs as a barrier to a quick response pitted against countries seeing the proposal as being ineffective for achieving its purpose and as a broader attack on the IPR system. In the end, the TRIPS Council of the World Trade Organisation (“WTO”) agreed to a more limited ministerial decision. Yu concludes that policy makers and commentators may strongly disagree about desirable IPR policies relating to

healthcare even when they share a common objective. But the debate foreshadows the many challenges on future policy debates on sustainability, innovation and global justice.

In Chapter 3, Carlos Correa and Nirmalya Syam examine the detail of the ministerial decision of the TRIPS Council of the WTO. The authors conclude that in practical terms, the result amounted to a rejection by developed countries of the request for the TRIPS waiver by India and South Africa. The authors add that while the proposals on compulsory licensing were consistent with European Union policy, the USA has followed a consistently negative approach.

Chapter 4 by Shubha Ghosh could be subtitled by the Churchill quote, “Never let a crisis go to waste”. Ghosh discusses the reactions to the polio and AIDS pandemics crises and how each led to developments in vaccines and treatments. He then outlines the argument that the COVID-19 crisis was the result of a political failure against the counter argument that the crisis encouraged reforms to existing health care, IPRs and drug delivery systems. He concludes that crisis-induced innovation leads to new ways of thinking and could be the norm of how change occurs.

Chapter 5 by Hans Morten Haugen sets out to determine if alternative IPR theories, social planning theory or the theory of redistributive justice provides a better justification for a TRIPS waiver and compulsory licensing than other IPR theories. Haugen observes that the process of developing countries as demanders in the WIPO negotiations over genetic resources illustrates that the utilitarian approach of developed countries still dominates.³ Haugen remains optimistic that a more positive view of IPRs has resulted from the UN adoption in 2015 of the SDGs.

Chapter 6 by Upreti introduces the concept of “friend-shoring”: working with like-minded countries against less like-minded countries, and how states interact with each other. Upreti’s conclusion about the TRIPS waiver debate is that the WTO is not the right forum to negotiate matters of global urgency such as the COVID-19 crisis. A better approach is needed. He suggests that a better approach might be the proposed WHO Pandemic Agreement⁴ which does not directly address IPRs but reaffirms the flexibilities and safeguards in the TRIPS agreement and their importance in assuring appropriate transfers of technology and know-how for responding to pandemics.

Book Review: *Intellectual Property Rights in the Post Pandemic World*

An Integrated Framework of Sustainability, Innovation and Global Justice

Part II: Transforming IP Towards Global Justice with Innovation and Sustainability

In chapter 7, Yousuf A Vawda frames the global IPR system as a colonial structure, illustrated by the inequitable distribution of vaccines once they became available during the COVID-19 crisis. Vawda argues that access to health products should be a public human right but that the existing IPR system establishes access to new, innovative health products as private rights. He argues for the decolonialisation of global IPR rules. His proposal is for the majority of WTO members (developing nations) to demand removal of IPR protection from the WTO architecture. If that were to fail they should regroup outside the WTO framework as the only effective way to counter the US and EU stranglehold of IPRs on access to global public goods.

Chapter 8 by Cristophe Geiger and Bernd Justin Jütte views the right to research as an imperative to enable copyright to support European efforts for a post-pandemic recovery. More directly, the authors assert that text and data mining support innovation. They promote a regime with the default position being access to research results and works necessary to conduct research should be facilitated, with statutory remuneration requirements for rights holders. They do not consider how the need of potential rights holders to keep their results secret until patent applications are filed might be accommodated within their proposals.

In Chapter 9, Tianxiang He and Qingchuan Xie examine how during the pandemic the public interest was affected in trade mark law and data/privacy protection in China. As the COVID-19 crisis hit China, trade mark squatters were quick off the mark to register marks such as the name of the whistle blower who first warned his medical colleagues of the dangers of the virus. They suggest that use of trade mark registration requirements and morality considerations were available but not always effective. Their other big concern was that the contact tracing systems and vaccine certificate requirements meant that enormous amounts of personal data were collected. These systems were set up by private companies contracted by the Chinese Government. Their fear is that the data could be retained by the companies to exploit for their own advantage. They conclude that the Government should be adjusting their data policies to address monopoly and privacy concerns. The elephant in the room is China's social credit system,⁵ which does not receive a mention. That system could incorporate the data collected in the COVID-19 response to grade citizens as well as for its original intended purposes.

Chapter 10 by Enrico Bonadio and Magali Contardi explore how artificial intelligence ("AI"), genomics, computational science and structural biology came into their own in the development of vaccines and treatments for the COVID-19 pandemic. The issue they focus on is whether eHealth apps are patentable subject matter. Their discussion is limited to

the practice of the European Patent Office. The answer is, "It depends". The European Patent Convention excludes patents for computer programs "as such" but case law has decided that as long as the computer program has a technical effect it is not excluded. What amounts to a technical effect is decided on a case to case basis. The other more problematic issue is how to describe how to put the invention into practice when this is "known" only to the software itself. They suggest, somewhat hopefully, that the answer is to hire skilful patent attorneys.

In Chapter 11, Yahong Li explores the challenges that COVID-19 placed on public health systems in both developed and developing countries. Li asks what would be the optimal IPR system to promote medical technologies to contain COVID-19. She pits IPRs to advance development of new medical technologies against mitigation of those policies to increase public access to the products and technologies. She argues that while IPRs are important for most AI inventions, the COVID-19 crisis justifies a more flexible policy for medical AI. The solution proposed is an open patent licence which would allow anyone to use a patent for free or a reduced fee for as long as the patentee agrees.

This suggestion echoes the former availability of "licences of right" under section 44 of the *Patents Act* (1953) (NZ). Patentees could make their patents available for licensing to anyone in return for a 50 per cent discount in renewal fees. Royalty rates would be negotiated or set by the Commissioner in the absence of an agreement. That provision was seldom, if ever, used.

Part III: Shaping Intellectual Property Financing for Sustainable Innovation

Chapter 12 by Sean Thomas explores security interests in IPRs in English and Welsh law in the context of a circular economy. A circular economy aims to prevent goods being wasted in the first place and to reintegrate goods back into the economy to prevent waste. One concern is the reluctance of companies to allow the disassembly and reuse of products by using IPRs. (The Australian High Court decision⁶ about a third party recycling ink jet cartridges is an example of how a patent holder attempted to do this.) Thomas' main concern, however, is that the formalistic nature of secured financing creates problems in securing financing against IPRs. This is of particular importance regarding digital economies. Where transactions involve the circular economy it is necessary to control assets down a chain of transactions. The complexity of recording security interests adds complexity and can be a barrier to doing so.

In Chapter 13, Mathew Rimmer considers the potential transformative role of the United Nations Development Programme ("UNDP") Accelerator Lab Network in promoting IPR law reform and innovation during the COVID-19 crisis and afterwards. The Network consists of

Book Review: *Intellectual Property Rights in the Post Pandemic World*

An Integrated Framework of Sustainability, Innovation and Global Justice

teams of ethnographers, engineers, and designers to work with UN experts on biodiversity, gender equality and poverty reduction. The Network could play a useful role in facilitating sustainable innovation transactions, although at the time of writing, it had not determined its IPR policies. Rimmer suggests that the UNDP could help push for fundamental IPR law reform and sustainable development in a post-pandemic world.

In Chapter 14, Natacha Estèves, Alina Wernick and Suelen Carls explore the potential for financing instruments to support a sustainable transition for follow-on innovation. The chapter explores classical instruments for securing cash for further innovation from IPRs, pointing out that they have inherently incompatible objectives. The IPRs seek to establish exclusive rights, but that exclusivity can be a bar to open innovation. The authors then float the idea of using the blockchain and non-fungible tokens as a way to cut costs, speed up transactions and ease payment administration. In the context of sustainability they mention the inconvenient fact of the power hungry appetites of the blockchain. They also qualify their descriptions by conceding that the new instruments have yet to show benefits in funding innovations.

Chapter 15 by Dhanay Cadillo-Chandler, Rosa Maria Ballardini and Jouko Nuottila explores the complexity of governance, IPR laws, innovation and logistics in administering vaccines framed by the COVID-19 crisis. The authors look at how IPRs may help or hinder achieving SDG 17 – strengthening the means of implementation and revitalising the global partnership for sustainable development. The authors focus on multi-partnerships and collaboration that arose during the crisis. The options are patent pools, pledges and pooled procurement mechanisms. Their conclusion is that the complexities of multi-stakeholder partnerships and the innovative landscape go far beyond incentives. IPRs should not be considered in isolation. There is a need to define both short- and long-term goals. The case studies show more of what not to do than what to do. The present landscape leaves developing countries short changed.

In Chapter 16, Janice Denoncourt outlines the importance of accurate non-financial information from companies, particularly start-up companies seeking finance to develop new technologies. While financial disclosures are governed by strict requirements, non-financial disclosure requirements are looser. Denoncourt outlines two extreme examples of where company executives were able to mislead investors with false disclosures about their technologies in healthcare and truck building for which they each received prison sentences and substantial fines. She advocates for the use of the “Technology Readiness Level” as an objective way of ensuring non-financial disclosures of new technology are accurate. To ensure its accuracy it should be audited by independent experts in the technology.

Chapter 17 by the book’s editors summarises each of the themes in the other authors’ chapters and then sets out their conclusions. They view the COVID-19 crisis as a potential turning point towards a “more flexible, creative, and open IPR system”. But much is left to be done.

- 1 IP Mentor, Wellington, New Zealand.
- 2 World Intellectual Property Day 26 April 2024 <<https://www.wipo.int/web/ipday/2024-sdgs/index>>.
- 3 The WIPO Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge <https://www.wipo.int/edocs/mdocs/tk/en/gratk_dc/gratk_dc_7.pdf> was adopted by the Diplomatic Conference on 24 May 2024.
- 4 Revised draft of the negotiating text of the WHO Pandemic Agreement <https://apps.who.int/gb/inb/pdf_files/inb9/A_inb9_3-en.pdf>.
- 5 Social Credit System <https://en.wikipedia.org/wiki/Social_Credit_System>.
- 6 *Calidad Pty Ltd & Others v Seiko Epson Corporation & Another* [2020] 272 CLR 351.

Current Developments — Australia

IP AUSTRALIA

Diana Bogunovic, Michelle Catto, Sarah Dixon, Esther Lestrell and Andrea Ruhmann
FB Rice

Domestic IP filings increase: *Australian IP Report 2024*

The *Australian IP Report 2024* has been released, drawing insights from analysis of intellectual property filing data to shed light on current trends. Overall, the Report reveals a robust performance in domestic IP filings, indicating resilience in the face of global economic challenges. The Report identifies key areas of growth and highlights the vital role of small and medium enterprises (“SMEs”) in innovation, emphasising their collaboration with the research sector which enhances patenting activity and business growth. The Report is available via the IP Australia website.

IP Australia third in the world for innovation

Although all eyes were on the Paris Olympics, Australia has also earned a spot on a very different podium: IP Australia has been ranked as the third most innovative intellectual property agency in the world by the “World Trademark Review” (“WTR”). The WTR’s IP Office Innovation Ranking 2024 praised IP Australia’s advanced use of artificial intelligence (“AI”) and effective web tools. WTR also highlighted IP Australia’s improved digital capabilities and the expansion of application programming interfaces that assist businesses in integrating these tools. The team at IP Australia is proud to have been recognised in this manner and is committed to continuous improvement of its services.

Changes to patent and trade mark legislation

Changes to the *Patents Regulations* 1991 (Cth), the *Trade Marks Act* 1995 (Cth) and the *Trade Marks Regulations* 1995 (Cth) via the *Intellectual Property Laws Amendment (Regulator Performance) Regulations* 2024 (Cth) came into effect on 17 May 2024. Outdated transitional Patents Regulations that have had no effect since February 2022 have been removed. This aligns the Patents Regulations with the earlier amended *Patents Act* 1990 (Cth).

Changes to the Trade Marks Act and Regulations were more extensive:

- all trade mark renewal grace periods have aligned to six months.
- restoration of some trade marks which were removed from the register during non-use proceedings. This will apply in circumstances where, for example, the owner of the trade mark is granted an extension

of time to file evidence or request a hearing and completes that action.

- information in relation to trade mark applications is no longer published in an Official Journal of Trade Marks, and the Official Journal will no longer be available. Instead, information will be published on the Australian Trade Mark Search and on the IP Australia website or Trans-Tasman IP Attorneys website, where relevant.
- clarification regarding the revival of discontinued Headstart trade mark requests in certain circumstances.
- updating the classification of goods and services in Schedule 1 of the Trade Marks Register to reflect the latest version of the NICE classification system.

Genetic resources and traditional knowledge the focus of a historic global agreement

A historic global treaty on Intellectual Property, Genetic Resources, and associated Traditional Knowledge has been established, marking a significant milestone in ongoing efforts to recognise Indigenous peoples’ genetic resources and traditional knowledge within the patent system. The treaty is the result of more than two decades of advocacy and was finalised on 24 May 2024, at the World Intellectual Property Organization (“WIPO”) diplomatic conference in Geneva. The treaty mandates that all patent applicants disclose the sources of genetic resources and associated traditional knowledge in their applications. Jodie McAlister of IP Australia highlights that the treaty will enhance recognition and create opportunities for meaningful collaboration with Australia’s First Nations peoples. Further details can be found on the IP Australia website and in an official media release from Senator the Hon Penny Wong, Minister of Foreign Affairs.

Indigenous Knowledge Panel Pilot

As a result of the recently approved WIPO treaty on Indigenous Knowledge (discussed above), IP Australia is piloting a three-member panel to advise on policy and legislative matters relating to Indigenous Knowledge, participate in assessments of IP applications that contain or appear to contain Indigenous Knowledge, and promote awareness and understanding of Indigenous Knowledge and IP rights. Applications for the panel were open until 7 August 2024. Panel members will be Aboriginal and Torres Strait Islander peoples with expertise in IP, Aboriginal and Torres Strait Islander culture and knowledge, community engagement and business or legal matters generally.

The pilot will run for three years, during which IP Australia will assess the ongoing viability, utility, performance, and effectiveness of the Panel model. A formal review of the Panel will also be undertaken, at which point changes to the composition, form, role, and membership will be evaluated and a decision made on whether to continue with an Indigenous Knowledge Panel into the future. More detail can be found in the Terms of Reference available on the IP Australia website.

New look for IP Australia correspondence

IP Australia has made a number of changes to improve the look of its correspondence and the ease of use of the user interface. The changes are the result of customer and design testing, and include clearer next steps, links to a pre-filled cart, a direct pay link, action-based colour banding and a generally refreshed design. The updates will continue to be rolled out over the rest of the year. As changes to the look of correspondence are made, IP Australia also reminds users to be cautious of spam and fraud, which can be reported directly on the IP Australia website.

New version of WIPO Standard ST.26

As of 1 July, the new WIPO ST.26 version 1.7 is in force, as agreed at the 11th session of the Committee of WIPO Standards in December 2023. The main changes are to Annex VI, which has deleted several examples and importantly, added two examples directed to inverted nucleotides.

CASES

Tom Cordiner KC, Melissa Marcus, Clare Cunliffe, Marcus Fleming and Amy Surkis¹

Barristers

Correspondents for Victoria, Western Australia, South Australia, Tasmania and Northern Territory

In this edition, we report on two cases. We look at Vitaco's award of additional damages as part of a default judgment. It was a healthy award, to be sure. We then delve into the ins and outs of ToolGen's successful application to amend its patent, following on from Justice Nicholas' previous finding that its patent application for CRISPR gene editing technology was invalid. As readers will see, the outcome of ToolGen's argument on claim scope arising from lack of clarity remains unclear, as ToolGen succeeded in arguing the amendment corrected an "obvious mistake".

Vitaco Health IP Pty Ltd v AFI Cosmetic Pty Ltd (No 3) **[2024] FCA 598**

7 June 2024 – Rofe J

Trade mark and copyright infringement – default judgment – additional damages

The quantum of any award of additional damages for trade mark and copyright infringement can be difficult to predict but, generally, the Federal Court of Australia has, subject to rare exceptions, appeared reticent to award very large sums.

In this case, AFI Cosmetic Pty Ltd and its director were found to have engaged in trade mark and copyright infringement, and were found liable for AU\$30,000 for loss of reputation in the applicant's marks and AU\$250,000 for additional damages for both trade mark and copyright infringement. Their conduct concerned the operation of a website that used the first applicant's HEALTHERIES trade marks (that were registered in respect of cosmetics and toothpaste) and that were also artistic copyright works.

Justice Rofe's reasons for making such a large award for additional damages were that the figure "marks the Court's recognition of the opprobrium attached to the respondents' conduct, and is an amount intended to deter further infringing conduct by the respondents or others." Her Honour made the award notwithstanding that the applicants had not put on any evidence as to sales lost by them due to the respondents' infringing conduct, nor any evidence that the respondents would be able to pay the amounts sought. Indeed, there seems to have been no evidence of any sales of infringing products through the impugned website. Against that, the applicants submitted that the respondents' conduct in developing the infringing websites, including copying

¹ Where any of the authors was involved in a case reported and the matter is still running, or potentially so, the other correspondents have taken the role of reporting that case and any comments by the authors are therefore attributable to them.

the first applicant's registered marks and artistic works, was deliberate and calculated to mislead, and sufficiently egregious to merit a substantial award of additional damages.

While the decision was made as part of a default judgment application (the respondents' failing to comply with various orders or appear at the hearing for default judgment), it provides an indication of the Court's willingness to award significant sums for additional damages.

ToolGen Incorporated v Fisher (No 3)

[2024] FCA 539

23 May 2024 – Nicholas J

Application to amend patent claims – s 105(1A) Patents Act 1990 (Cth) – obvious mistake – s 102(3) Patents Act 1990 (Cth)

Mid-last year, we wrote about Justice Nicholas' finding (in *ToolGen Incorporated v Fisher (No 2)* [2023] FCA 794) that ToolGen's patent application for CRISPR gene editing technology was invalid on several grounds, including lack of sufficiency and support ("principal judgment"). ToolGen was given an opportunity to amend, which it took up by significantly narrowing the scope of its claims. The respondents did not oppose the amendments. However, one issue was raised by the Commissioner in a letter; namely, that the Commissioner considered the proposed amended claim would fall outside the scope of the claims prior to amendment. In the result, it was unnecessary for Justice Nicholas to determine that issue, as his Honour found that the proposed amendment corrected an obvious error.

Legislative framework

Section 105(1A) of the *Patents Act 1990* (Cth) provides that, in the context of an appeal from the Patent Office, the Federal Court has the discretion to direct the amendment of a patent application. Section 105(4) provides that a court is not to direct an amendment which is not allowable under section 102. Section 102(2)(a) provides that the amended claims cannot claim matter that does not in substance fall within the scope of the claims before amendment. Section 102(3) provides that section 102 does not apply where, inter alia, the amendment is to correct an "obvious mistake". An obvious mistake is something which is apparent on the face of the specification when read by an instructed reader. It must be apparent not only that something has gone wrong, but also, what the mistake is and what correction is needed. Accordingly, if there are two or more divergent corrections to the mistake, then the mistake is not obvious (even if the various corrections are themselves obvious).

Issue raised by the Commissioner

The issue raised by the Commissioner centred on unamended claim 10, when read in conjunction with dependent claim 19.

Prior to amendment, claim 10 required "a nucleic acid encoding a guide RNA". In his earlier judgment, Justice Nicholas construed this phrase as requiring that the guide RNA be transcribed *in vivo* (i.e., **inside** the cell). However, dependent claim 19 contemplated that the guide RNA be "*in vitro* transcribed" (i.e., **outside** the cell). This inconsistency led Justice Nicholas to conclude in his principal judgment that claim 19 lacked clarity and so was invalid.

After the proposed amendment, claim 10 would become claim 1 and claim 19 was deleted. However, new claim 1 inserted various limitations and substituted the words "a nucleic acid encoding a guide RNA" for "an *in vitro* transcribed" guide RNA. The Commissioner said that this amendment was not permissible as the amended claim would fall outside the scope of the claims. Essentially, the Commissioner said that because former claim 19 (to the guide RNA being transcribed outside the cell) lacked clarity, it had no scope and so could not be considered as part of the existing breadth of the claim set for the purposes of section 102(2)(a).

ToolGen's submissions

ToolGen submitted that the proposed amendments did comply with section 102(2)(a). It observed that, if existing claims 10 and 19 are read together to form a composite claim, there is a lack of clarity as to whether the guide RNA is *in vitro* transcribed RNA or nucleic acid encodes the guide RNA *in vivo*. Essentially, ToolGen relied upon the finding of lack of clarity to argue that the scope of claim 19 would not change because there was a lack of clarity, prior to amendment, as to this aspect of the claim.

ToolGen also submitted that claims 10 and 19 when read together contained an "obvious mistake" within the meaning of section 102(3)(a), with the consequence that section 102(2)(a) did not apply to the proposed amendments. This argument was accepted by Justice Nicholas.

Obvious mistake

Justice Nicholas considered that the inconsistency between claim 10 and claim 19 in the context of the specification made it "plainly apparent" to the reader that there had been an obvious mistake because the composite claim used language from claim 10 to describe a guide RNA produced *in vivo* and language from claim 19 to describe a guide RNA produced *in vitro*. His Honour then turned his mind to whether the required correction would also be obvious. In this regard, his Honour found that:

- on reading the specification, the skilled person would understand that the invention included embodiments where guide RNA was transcribed either inside or outside the cell;
- the skilled addressee would also understand that claim 10 is directed at embodiments in which the

guide RNA is produced inside the cell and the composite claim is directed at embodiments in which the guide RNA is an *in vitro* transcribed RNA; and

- the correction required to rectify the error would have been obvious to the skilled person, and involved re-writing the composite claim to eliminate the inconsistency in language between claim 10 and claim 19, so that the composite claim instead refers to an *in vitro* transcribed guide RNA.

Given the finding under section 102(3), it was not necessary for Justice Nicholas to consider the claim scope question under section 102(2)(a).

As to his Honour's discretion, Justice Nicholas did not consider the delay in seeking to amend to be unreasonable as he considered it appropriate for ToolGen to have awaited judicial determination of the proper construction of claims 10 and 19 before seeking to amend.

George Curie, Rohit Dighe and Miriam Zanker
Davies Collison Cave Law, Sydney

FanFirm Pty Limited v Fanatics, LLC
[2024] FCA 764
17 July 2024 – Rofe J

Background

This decision provides an informative overview of several important areas of trade mark law, including infringement, defences to infringement, cancellation, and non-use, as well as the related areas of statutory misleading or deceptive conduct and passing off.

The case concerned a dispute between FanFirm Pty Limited ("FanFirm", the applicant) and Fanatics, LLC ("Fanatics", the respondent) regarding each other's use of a number of registered trade marks featuring the word "FANATICS" in relation to both clothing and online sales of clothing.

FanFirm is the Australian business behind the "Fanatics" brand, under which FanFirm provides tour and event services for a range of (primarily) sporting and non-sporting events, and supplies sports-related merchandise, including clothing, from its online retail store.

Fanatics is a US-based online retailer that promotes and sells licensed sports merchandise, including clothing, globally via e-commerce stores. Originally named "Football Fanatics Inc" before rebranding to Fanatics, the goods sold by the respondent include the resale of third party licensed merchandise, as well as its own "FANATICS" branded goods. Fanatics also operates a service which connects fans with athletes and obtains signed merchandise (the "Impugned Services").

Although Fanatics had sold merchandise to persons in Australia since 2000 (initially under the "FOOTBALL FANATICS" brand), its presence in Australia was relatively minor prior to 2020. In 2020, Fanatics began intensifying its activities in Australia, including (for example) entering into discussions with Australian-based sporting leagues such as the AFL concerning the sale of licensed merchandise. In addition, Fanatics entered into a 10-year deal with the Australian retailer Rebel Sport to sell "FANATICS" branded apparel.¹ It was these activities, marking a shift from selling licensed third party merchandise to selling "FANATICS" branded merchandise in Australia, that led to FanFirm's claim against Fanatics, with FanFirm alleging that Fanatics had:

- (a) infringed its registered trade marks under s.120 of the *Trade Marks Act* 1995 (Cth);
- (b) contravened ss.18(1) and 29(1)(g), (h) of the Australian Consumer Law ("ACL"); and
- (c) engaged in the tort of passing off.

A cross-claim was filed by Fanatics, relying on the same causes of action. Fanatics submitted that in about March 2021, FanFirm made a "dramatic change" to its business by launching a retail store via its .au website.² The setup of an independent retail store was, in Fanatics' view, a significant departure from FanFirm's previous business activities, moving it away from tour and event services and towards establishing a freestanding online retail store.³

Relevant marks

FanFirm is the owner of a portfolio of Australian trade mark registrations, including:

- "FANATICS" (reg no. 1232983) in classes 9, 16, 24, 25, 32, 38 and 39 (the "FanFirm Word Mark").
- "FANATICS" and device (reg no. 1232984) in classes 9, 16, 24, 25, 32, 38 and 39 (the "FanFirm Device Mark").



(together, the "FanFirm Marks").

Fanatics is also the owner of the several Australian trade mark registrations, including:

- "FANATICS" (reg no. 1288633) in classes 35 and 42.
 - "FANATICS" (reg no. 1905681) in classes 35 and 42.
- (together, the "Fanatics Word Marks").

- “FANATICS” and device (reg no. 1894688) in classes 35 and 42 (the “Fanatics Flag Mark”).



(all three together, the “Fanatics Marks”).

FanFirm’s claim

FanFirm’s trade mark infringement claim

FanFirm alleged that Fanatics had contravened s.120(1) and (2) of the Trade Marks Act by supplying a range of sports apparel, providing both loyalty and rewards services and a service where Fanatics connected fans to athletes under the Fanatics Marks. Fanatics had admitted that the Fanatics Word Marks were substantially identical to the FanFirm Word Mark.⁴

Fanatics contended that the majority of the merchandise sold on its e-commerce website did not bear any of the Fanatics Marks, and therefore, its use of the Fanatics Marks was in respect of online retail services and not in relation to goods.⁵ FanFirm submitted that the sale of merchandise still constituted trade mark infringement, as the merchandise was available for sale on a website which bore the word “FANATICS” (1) as part of the domain name; (2) at the top left of each page of the website; and (3) in references to products.⁶ The question therefore arose as to whether the use of a domain name constitutes trade mark use in relation to goods sold on a website. Rofe J agreed with FanFirm’s submissions and considered the sale of third party licensed merchandise on the Fanatics website to be a sale of goods by reference to the Fanatics Marks.⁷

Fanatics also contended that the use of the Fanatics Marks on labels or swing tags on merchandise did not amount to trade mark use because the marks were not acting as a badge of origin for the goods. In the alternative, to the extent the use of the Fanatics Marks did constitute use as a trade mark, such use was only in relation to the retail of those goods and not the goods themselves.⁸

Referencing the High Court of Australia’s judgment in *Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd* (2023) 408 ALR 195, Rofe J rejected Fanatics’ contentions, confirming that each of the Fanatics Marks was being used as a badge of origin to distinguish Fanatics’ goods from those of others. That the marks were not physically on the clothing themselves was not in itself decisive, and the use of the mark can include use on product packaging or marketing such as on a website.⁹ Further, by offering the goods under the name “FANATICS” which formed part of the domain name, in page headings, and in references to products, this constituted use of the Fanatics Marks as trade marks in relation to said goods.¹⁰

On comparison of the marks, Rofe J was satisfied that the Fanatics Flag Mark was deceptively similar to the FanFirm

Word Mark. Therefore, Rofe J held that Fanatics had infringed the FanFirm Marks under s.120(1) and (2) of the Trade Marks Act due to its use of the Fanatics Marks in relation to clothing, headgear, sportswear, sports bags, scarves, water bottles, towels, flags, footwear and blankets (the “Infringing Goods”).¹¹

Fanatics’ defences

Fanatics relied upon three defences to trade mark infringement in the proceedings:

- (i) Use of own name in good faith – s.122(1)(a)(i) of the Trade Marks Act

Fanatics contended that it could rely on the good faith defence under s.122(1)(a)(i) as it had used its business name as its mark. Rofe J confirmed the importance of establishing that there was an honest belief on the part of the person using their name as a mark that no confusion would arise through the use of the name. In particular, the Court will consider whether the person relying on the defence knew of the existence of the earlier mark at the time they adopted their own.¹²

Around early 2011, Fanatics had rebranded from its previous name, FOOTBALL FANATICS, following a branding review.¹³ Around this time, Fanatics opposed FanFirm’s trade mark applications for the FanFirm Marks in class 25. Therefore, at the time Fanatics adopted its new name, Fanatics knew of FanFirm, its business and its use of the Fanatics Word Marks.¹⁴ Therefore, even though there was no fraud or conscious dishonesty present, the fact that Fanatics knew about FanFirm’s registered trade marks in Australia meant that it could not hold the view that no confusion would arise and therefore its use of the marks was not in good faith.¹⁵ Accordingly, Rofe J held that Fanatics could not rely on the good faith defence under s.122(1)(a)(i).¹⁶

- (ii) Entitlement to rely on its registration – s.122(1)(e) of the Trade Marks Act

Fanatics contended that it could rely on the fact that it was exercising its right to use its registered trade marks as a defence against the infringement claims. Fanatics submitted that the effect of its registrations was that FanFirm’s infringement case was limited to instances of the use of the Fanatics Marks on clothing (for which it did not have trade mark registrations) and not the operation of Fanatics’ online retail store.¹⁷ FanFirm contended that the defence was not available to Fanatics as it would not survive cancellation of the Fanatics Marks; and even if the marks survived cancellation, Fanatics did not have a registration in respect of class 25 clothing goods.

Rofe J determined that the sale of the Infringing Goods under the Fanatics Marks was conduct that infringed the FanFirm Word Mark, and that the Fanatics Marks in class 35 should be cancelled.¹⁸ Accordingly, the key question was whether an order for cancellation was retrospective, therefore removing Fanatics' ability to rely on the defence under s.122(1)(e).

Rofe J held that the defence applied to a person exercising a right to use a registered trade mark, even if the right was wrongly entered onto the Register.¹⁹ Accordingly, the cancellation did not have a retrospective effect and, whilst the registration was extant, it operated to provide Fanatics with a defence under s.122(1)(e). Once cancelled however, the mark cannot provide a defence to any future infringement that occurs after the date of cancellation.²⁰

- (iii) Respondent would obtain registration if it applied – ss.122(1)(f) and (fa) of the Trade Marks Act

Fanatics contended that it could rely on the defences under ss.122(1)(f) and (fa) as it would obtain registration of the Fanatics Marks in respect of the Infringing Goods if it were to apply for them. In relation to honest concurrent use (as an exceptional means to obtain registration), Fanatics submitted that the proper construction of ss.122(1)(f) and (fa) recognised the accrual of rights of an honest concurrent user which would immunise it from claims of infringement.²¹

For the same reason that Fanatics could not rely on the good faith defence, Rofe J held that Fanatics was not entitled to rely on honest concurrent use.

²² The adoption of Fanatics' new corporate name and mark occurred with knowledge of FanFirm, its mark and the goods for which registration of that mark was sought. Therefore, whilst Rofe J did not consider Fanatics' adoption of the Fanatics Marks to be an effort to divert business or goodwill away from FanFirm, it could not be described as an "independent adoption".²³

Fanatics also pleaded the defences under ss.122(1)(f) and (fa) on the grounds that FanFirm was not the owner of the FanFirm Word Mark (s.58 of the Trade Marks Act). However, Rofe J found on the evidence that FanFirm was the first user of the word mark "Fanatics" in relation to the Infringing Goods, and so this defence also failed.

Rofe J determined none of Fanatics' defences to be successful and, accordingly, FanFirm succeeded in its trade mark infringement claim except where it related to Fanatics' Impugned Services and its FANATICS LIVE and FANATICS MVP Marks.²⁴

FanFirm's cancellation claims

Following the finding of infringement of its marks, FanFirm sought the cancellation of the Fanatics Marks, as well as the mark "SPORTS FANATICS" (reg no. 1680976), pursuant to s.88(2)(a) of the Trade Marks Act.

The key question before the Court was whether, at the time Fanatics applied for registration of "FANATICS" in classes 35 and 42, it was the owner of the mark in respect of those services. If some other person had used the word "Fanatics" as a trade mark in relation to those services, Fanatics could not be the owner of the mark.²⁵

Rofe J had determined that FanFirm was the first to use the word "FANATICS" as a trade mark in Australia in relation to the relevant services.²⁶ Rofe J was therefore satisfied that the registration of the Fanatics Marks in class 35 could have been successfully opposed under s.58 and/or s.44 of the Trade Marks Act. Accordingly, Rofe J determined that the Fanatics Word Marks should be (partially) cancelled in respect of the goods in class 35.²⁷

Rofe J was not, however, satisfied that FanFirm had used the FanFirm Word Mark in relation to the class 42 services covered by Fanatics Marks.²⁸ Regarding the Fanatics Flag Mark, although it was found to be deceptively similar to the FanFirm Word Mark, that in itself was not sufficient to establish FanFirm as the first user and owner of the Fanatics Flag Mark. The first use of a mark which is deceptively similar to the trade mark at issue is not sufficient to establish ownership of the trade mark.²⁹ Accordingly, FanFirm's cancellation action failed with respect to the class 42 services.³⁰

Additionally, Rofe J held that Fanatics' SPORTS FANATICS mark should be cancelled under s.88(2)(a) because, pursuant to s.59 of the Trade Marks Act, Fanatics did not intend to use the mark when the mark was registered.³¹

Fanatics requested the Court to exercise its discretion not to cancel or amend the registrations of the Fanatics Marks, however Rofe J declined to exercise her discretion under s.89 of the Trade Marks Act.³²

FanFirm's ACL and passing off claims

In addition to its trade mark infringement claim, FanFirm contended that Fanatics' use of the Fanatics Marks constituted conduct that was misleading or deceptive, or likely to mislead or deceive, in contravention of s.18 of the ACL. FanFirm further contended that the same conduct constituted false representations within the meaning of s.29(1)(g) and (h).³³

Rofe J confirmed that the assessment required to establish misleading or deceptive conduct is to consider whether a person who sees Fanatics' use of the Fanatics Marks in relation to the relevant goods and services is likely to be

misled or deceived. Assessing both the relevant conduct and context, and the reasonable consumer who has familiarity with FanFirm's goods and services, Rofe J concluded that the reasonable customer is unlikely to be misled or deceived by Fanatics' conduct. At the level of the individual consumer, the types of sport being targeted by each party, and the sports merchandise sold on their respective websites, are so different that there was no real or tangible danger that consumers would be misled or deceived.³⁴ FanFirm's claim under ss.18 and 29 of the ACL therefore failed.

For the same reasons that Rofe J held that Fanatics had not contravened the ACL, Rofe J also held that FanFirm had not established its passing off claim.³⁵

Fanatics' cross-claim

Fanatics' trade mark infringement claim

Fanatics' infringement claim was limited to FanFirm's use of the word "Fanatics" in relation to an online retail store through which FanFirm supplies licensed sports merchandise. As her Honour concluded that the Fanatics Marks should be cancelled in respect of online retail store services for sports merchandise in class 35, Rofe J held that Fanatics' infringement claim based on those marks failed.³⁶ If the Fanatics Marks had been deemed to be correctly registered, Rofe J considered that FanFirm would be entitled to rely on the defences under s.122(1)(e), (f) and (fa) and prior continuous use under s.124 of the Trade Marks Act.³⁷

Fanatics' cancellation claim

Fanatics sought cancellation of the FanFirm Word Mark pursuant to s.88(1) and s.88(2)(c) of the Trade Marks Act on the basis that the use of the marks in relation to the class 25 goods would be likely to deceive or cause confusion.³⁸

Rofe J considered that a consumer encountering a website supplying licensed merchandise for US sports teams by reference to the FanFirm Word Mark may be caused to wonder whether those goods came from Fanatics. However, Rofe J chose to exercise her discretion not to cancel FanFirm's registration in class 25 as (1) her Honour considered the use of the Fanatics Marks to constitute trade mark infringement and (2) Fanatics was partly to blame for any confusion between the marks when it rebranded its business to FANATICS with knowledge of FanFirm and its business.³⁹

Fanatics' non-use claim

Fanatics sought the removal of the FanFirm Marks for all registered goods and services in classes 9, 16, 24, 32, and 38 for non-use pursuant to s.92(4)(b) of the Trade Marks Act.⁴⁰ Whilst FanFirm provided some evidence of use of the FanFirm Word Mark, Fanatics submitted that the evidence only showed use outside of Australia and was therefore insufficient.⁴¹ Rofe J ultimately agreed with Fanatics' submissions; her Honour ordered the cancellation of the FanFirm Marks for the goods and services in classes 9, 16,

32, and 38, but chose to exercise her discretion in relation to the class 24 goods, which were allowed to remain on the Register.⁴²

Fanatics' ACL and passing off claims

Fanatics contended that FanFirm underwent a significant change in its business (compared to its pre-existing sporting tour and events services business) when it opened a dedicated retail store in 2020. Such conduct, Fanatics submitted, constituted false, misleading or deceptive conduct in contravention of ss.18 and 29 of the ACL.⁴³ In contrast, FanFirm contended that its business had not changed since at least 2006, when it had been selling sports merchandise via its websites. FanFirm further contended that Fanatics had no reputation in the mark "Fanatics" prior to 2010 because its activities were conducted under the mark "FOOTBALL FANATICS".⁴⁴

Rofe J agreed with FanFirm's submissions, holding that Fanatics had no reputation in the word FANATICS in Australia prior to 2010 and, accordingly, no consumers were likely to be misled or deceived by FanFirm's conduct.⁴⁵ For the same reasons, Fanatics' passing off claim also failed.⁴⁶

Key points

This decision highlights a number of key points. For example:

1. A supplier's mark may act as a badge of origin for goods, regardless of whether the mark is affixed directly to the goods if the mark is otherwise featured either on a label or on a website offering those goods for sale.
2. The defences of use of corporate name in good faith and honest concurrent use (the latter in the context of s.122(1)(f) and (fa) of the Trade Marks Act) are not available to a party if it knew of the existence of another's earlier rights, regardless of the absence of fraud or conscious dishonesty.
3. Cancellation of a registered trade mark does not have a retrospective effect that prevents a party from relying on the registration as a defence to an infringement claim for the period the registration was effective.

Current Developments – Australia

- 1 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [124]–[129].
- 2 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [61].
- 3 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [64].
- 4 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [223].
- 5 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [201]–[203].
- 6 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [174], [220].
- 7 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [213]–[214].
- 8 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [195].
- 9 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [199]. The Court cited with approval *Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd* (2023) 408 ALR 195, [23].
- 10 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [217].
- 11 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [237], [273]–[274].
- 12 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [280].
- 13 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [286].
- 14 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [287].
- 15 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [283].
- 16 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [300].
- 17 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [303].
- 18 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [307].
- 19 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [314].
- 20 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [314].
- 21 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [321].
- 22 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [324], [329].
- 23 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [331].
- 24 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [347].
- 25 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [355].
- 26 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [149]–[153].
- 27 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [359].
- 28 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [360].
- 29 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [361].
- 30 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [360]–[361].
- 31 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [375].
- 32 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [383].
- 33 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [400].
- 34 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [412]–[416].
- 35 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [418].
- 36 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [419], [423].
- 37 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [431], [438], [444].
- 38 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [446].
- 39 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [453], [456]–[461].
- 40 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [463]–[465].
- 41 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [472].
- 42 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [479]–[480].
- 43 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [482]–[483].
- 44 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [485].
- 45 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [491].
- 46 *FanFirm Pty Limited v Fanatics, LLC* [2024] FCA 764, [493].

Current Developments – New Zealand

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Resmed Pty Limited v Commissioner of Patents

High Court of New Zealand

McHerron J

Hearing: 10 June

Judgment: 10 July 2024

[2024] NZHC 1881

Commentary

This case involved a patent application for a nasal mask system. The appellant applicant, Resmed, appealed from a decision of the Assistant Commissioner of Patents refusing to accept the applicant's change from use of the term "elbow" to "connector" for a specific part between the air delivery tube and the mask. The case fell to be determined under the Patents Act 1953 (NZ) and concerns the application of the fair basis test under s.10(4) of that Act. The Court upheld the Assistant Commissioner's decision and that the change was not fairly based. The case provides an interesting contrast with the Patents Act 2013 (NZ) s.39(2)(c). Fair basis is no longer the applicable test. Claims must be supported by the matter disclosed in the complete specification.

Facts

Resmed's patent application for a nasal mask system had a filing date of 12 April 2013. A divisional application was filed to protect different elements. The nasal mask system comprised three main components: a positive air way pressure device, an air delivery tube and a patient interface (mask). At issue was the description of a specific part between the air delivery tube and the mask. In the complete specification the term "elbow" was used for that part. In a subsequent claim Resmed referred to it as a "connector".

The Assistant Commissioner's decision was that Resmed's use of the term "connector" to describe this part in the claim set was not fairly based on the matter disclosed in the complete specification. The Assistant Commissioner concluded that "connector" was too broad a term to use instead of "elbow" as that term was used in the complete specification. The Assistant Commissioner considered that an "elbow is still required between the air delivery tube and the custom assembly (no embodiments seem to omit the elbow)" and that the term "elbow" must still be included in the claim [17].

Resmed appealed, submitting that paragraph [000248] of the complete specification provided a clear basis for the way

in which the term "connector" was used in the claims and that this made it clear that "connector" was an alternative to the term "elbow". Resmed further claimed that it was the venting arrangement that was the inventive concept of the claim, so that use of an elbow shape was not essential to the venting arrangement [77(b)].

Resmed argued that the Assistant Commissioner applied the wrong test in his framing that the claimed feature must be "in substance" disclosed in the complete specification. Resmed asserted that such a formulation related to amendments post-acceptance, not the examination of the application pre-acceptance [66].

Resmed also challenged the Assistant Commissioner's starting point, namely whether it was appropriate for Resmed to use the term "connector" instead of "elbow" in its claim. Resmed submitted that the correct test was whether the claims which used the words "connector" were fairly based on the complete specification [68]. In relation to the references to "elbow" in the complete specification – including the drawings – Resmed submitted that these were merely illustrative not limiting [69].

Held, dismissing the appeal.

Applicable law

1. Section 10(4) of the Patents Act 1953 (NZ) provides that the claim or claims of a complete specification must be fairly based on the matter disclosed in the specification [36]. Case law has outlined that the steps to ascertain whether claims are fairly based on the complete specification [37] are:
 - (a) construe the specification itself to discover the nature of the invention and, where stated, the problem with which the invention is intended to deal;
 - (b) construe the claims, a task which is to be approached purposively and practically, not legalistically;
 - (c) decide whether the claim is fairly based on the specification. A correct statement of the rule is that the claims and the patent must not go beyond the disclosure in the specification.

C van der Lely v Ruston's Engineering Co Ltd [1985] RPC 461 at [506] applied.
2. The *Mond Nickel* test provides a framework for determining whether the last factor i.e. determining whether a claim is fairly based on the specification and involves a threefold investigation [38]-[40]:
 - (a) is the alleged invention broadly described in the provisional specification?

- (b) if so, is there anything in the provisional specification which is inconsistent with the alleged invention as claimed?
- (c) if not, does the claim include as a characteristic of the invention a feature on which the provisional specification is completely silent?

Mond Nickel Co Ltd's Application [1956] RPC 189 applied; *Aktiebolaget Hassle v Alphapharm Pty Limited* [1999] FCA 628, 44 IPR 593 at [196] referred to.

- 3. The Court should also apply the well-established approach under the 1953 Act to give the benefit of the doubt to the applicant [41].

R v Patents Appeal Tribunal, Ex parte Swift & Company [1962] RPC 37 at [46]; *Hughes Aircraft Company* [1995] NZIPOPAT 3 applied.

Assessment

- 4. Although Resmed had not adduced any evidence as to what would be apparent from the complete specification to a skilled addressee, it was clear that Resmed's patent specification relevantly disclosed the use of an elbow rather than a more generic form of connector. The specification indicated the advantages in using an elbow and the disadvantages of not using an elbow [83].
- 5. The Assistant Commissioner correctly applied the *Mond Nickel* test [85] and [101(b)].
- 6. Paragraph [000248] of the complete specification only related to different words that could be used to describe an elbow. It did not disclose that connectors more generally might be used [80]. The paragraph meant that the elbow must have attributes enabling it to function as a connector but it must still be in the form of an elbow – not that any connector would suffice even if it was not an elbow [91] and [92].
- 7. Resmed's broadening of the term "elbow" in favour of "connector" conflicted with the basis required that the claims must not go beyond the disclosure in the specification [87]. No embodiment of the invention was given in the specification showing the interface between the mask and the air delivery tube as anything other than an elbow [88]. The specification always disclosed and described an elbow and did not give any example where the element used as a conduit was anything other than an elbow [95] and [101(a)].

Manuka Doctor Limited v Hill

High Court of New Zealand

Radich J

Hearing: 7 March

Judgment: 11 April 2024

[2024] NZHC 766

Commentary

This case involved an appeal to the High Court from a decision of an Assistant Commissioner of Trade Marks dismissing a trade mark opposition. The appellant opponent was the owner of a registered trade mark for MANUKA DOCTOR in classes 3 and 5. It opposed an application for the mark MANUKA MEDIC in classes 1 and 3 alleging: (a) breach of s.25(1)(b) Trade Marks Act 2002 (NZ) based on its existing MANUKA DOCTOR registration and (b) breach of s. 17(1)(a) based on the reputation of MANUKA DOCTOR for similar goods.

A particular focus was on the idea of the mark, the opponent's contention being that MANUKA DOCTOR and MANUKA MEDIC conveyed the same idea. The High Court ruled that the marks looked and sounded different so that it was not necessary to consider the idea of the mark.

It is suggested that the appeal should be regarded as a close-run thing. The s.25(1)(b) ground properly requires consideration of fair notional use of both the opponent's registered mark and the applicant's mark. It can be difficult for an applicant who has the onus of rebutting the likelihood of confusion or deception. Further (in the appellant's favour) the Court upheld the appellant's submission that the goods of each party were similar and that the Commissioner was wrong on that consideration. The deciding factor was the Court's unwillingness to cede any rights to the word 'Manuka' so as to enable exclusivity to the appellant over a name that combined a reference to Manuka and to health benefits or a provider of health benefits.

Facts

The respondent, Rory Hill, applied to register the trade mark MANUKA MEDIC in class 1 in respect of "botanical extracts other than essential oils, for use in making cosmetics" and in class 3 for "aromatic essential oils".

The application was opposed by Manuka Doctor Limited ("MDL") which had an existing trade mark registration for MANUKA DOCTOR in respect of an extensive list of goods in classes 3 and 5. Its class 3 goods included "cosmetics; ... non-medical skincare products and preparations". Its class 5 registration included "therapeutic and dietary products and preparations; ... skincare products and preparations".

MDL's first ground of opposition was under s.25(1)(b) of the Trade Marks Act based on its existing MANUKA DOCTOR registration and likely confusion or deception. The second ground of opposition was under s.17(1)(a) based on the opponent's reputation in MANUKA DOCTOR and

the likelihood of confusion or deception arising from use of the mark applied for given that reputation.

At first instance, the Assistant Commissioner dismissed the opposition. The first instance finding was that some of the goods in Mr Hill's application were similar to those of MDL's classes 3 and 5 registration but some were not [22] and [23]. MDL contended that this finding was wrong because:

- (a) different users and different trade channels did not mean that the goods were not similar [24];
- (b) MDL produced its own botanical extract (manuka extract) that it used in its own skincare products [25];
- (c) the Assistant Commissioner had erred in assuming that Mr Hill's botanical extracts would only be purchased and used by cosmetic manufacturers. There was no limitation in Mr Hill's intended specification based on manufacturing and it was just as likely that individuals would wish to purchase and use the extracts to make home-made cosmetics [27].

The Assistant Commissioner's findings on similarity of marks were difficult to discern [35]. Both marks had "Manuka" as a common visual, audible and conceptual component but the Assistant Commissioner found that "Doctor" and "Medic" were clearly different in look and sound. However, he found that the *idea* of "Doctor" and "Medic" to be similar in a general way [35]. Overall the Assistant Commissioner ruled that the grounds of opposition did not succeed and allowed MANUKA MEDIC to be registered [3].

MDL appealed.

Held, dismissing the appeal and allowing registration.

Section 25(1)(b)

1. The order of enquiry under s. 25(1)(b) is [15]:

Is an applicant's proposed mark (or marks) in respect of the same or similar goods or services covered by any of the opponent's trade mark registrations?

If so, is the applicant's proposed mark (or marks) similar to any of the opponent's trade mark registrations for the same or similar goods identified in the first inquiry?

If so, is use of the applicant's proposed mark likely to deceive or confuse?

NV Sumatra Tobacco v New Zealand Milk Brands Limited [2011] NZCA 264, [2011] 3 NZLR 206 at [32] applied.

2. The factors relevant in determining similarity of goods were [21]:
 - (a) the respective uses of the respective goods or services;
 - (b) the respective users of the respective goods or services;
 - (c) the physical nature of the goods or acts of service;

- (d) the respective trade channels through which the goods or services reached the market;
- (e) whether in self-service stores they are found together or apart; and
- (f) the extent to which the respective goods or services are competitive.

British Sugar Plc v James Robertson & Sons Limited [1996] RPC 28 at [296]–[297] followed.

Were the applicant's goods similar to those of MDL's registration?

3. Contrary to the Assistant Commissioner's findings, the applicant's goods were similar to those for which MDL had registered. The products had the same characteristics and they were or contained botanical extracts. [29] and [31].

Was MANUKA MEDIC similar to MANUKA DOCTOR?

4. The principles for assessing trade mark similarity were [32]:
 - (a) the Court should consider the marks in their entirety; the overall or net impression of the marks should be considered;
 - (b) while differences between two marks may be significant, it is the similarities which are most significant, with a visual, audible, distinctive or conceptual;
 - (c) the impression or idea conveyed by the marks is important in assessing how they will be recalled; the idea of a mark is more likely to be recalled than its precise details;
 - (d) comparison is not of the opponent's mark with the mark of the applicant when taken side by side, but taking into account imperfect recollection in all the circumstances in which the products might be sold; and
 - (e) the marks are to be compared as they would be encountered in the usual circumstances of trade.

Pharmazen Limited v Anagenix IP Limited [2020] NZCA 306, (2020) 157 IPL 198 at [47] applied.

5. The words "doctor" and "medic" were quite different. Both referred to a type of health practitioner and both had two syllables. However, they were different words and looked and sounded different [38]. The difference was such that it was not necessary to consider whether, given a degree of similarity, the marks had a common idea [39]. There could not be (effectively) ownership of a name that incorporated, first a common plant and, secondly, the notion that it brought health benefits, as might a health professional. The Court should be slow to conclude that there could be similarities in those circumstances to enable exclusivity for MDL over any name that combined a reference to "manuka" with a reference to health benefits or a provider of health benefits [40].

Was there a reasonable likelihood that use of MANUKA MEDIC would be deceptive or confusing to a substantial number of consumers?

6. There was certainly linkage in the similarity between products and the potential confusion that might result. Intuitively, the more similar the marks look, the higher the chances of confusion will be. But confusion, or a lack of it, could be influenced by distinctiveness. Distinctiveness focused upon the qualities of a particular mark. Where an element of a mark described the underlying character of the good, it was not likely to be distinctive. The more descriptive a mark might be the less obvious the connection between it and the mark of another party would be to the average consumer [44].

Brands Limited v Bed Bath 'N' Table Pty Limited [2023] NZHC 1766, (2023) 174 IPR 261 at [139] referred to.

7. The central idea or message, while important, would be one of the considerations for determining whether someone would be deceived or confused. The focus in the mind of a consumer taking imperfect recollection into account would be on the distinctive elements of the mark not the descriptive elements. There was sufficient distinctiveness here between the two marks such that there would not be confusion or deception [55].

Section 17(1)(a)

8. Given the Court's findings under s.25(1)(b) Mr Hill could, for the same reasons given in relation to s. 25(1)(b), establish that there would be no likelihood of confusion caused by the use of the MANUKA MEDIC mark due to MDL's reputation in its mark [58].

Current Developments – Asia

JAPAN

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Japan dashes AI dream to be named as an inventor on a patent application

On 16 May 2024, in *A. v Commissioner Japan Patent Office*,² the Tokyo District Court held that an artificial intelligence (“AI”) system is not eligible to be an inventor as it is not a human under Japanese patent law. The Court’s decision is emblematic of the worldwide trend where national courts and Patent Offices have declined to recognise that an AI system is eligible to be named as the inventor of a patent application.

Background

The plaintiff patent applicant filed Japanese patent application no. 2020-543051 (“051 application”) pursuant to Patent Cooperation Treaty (“PCT”) application no. IB2019/057809, and listed the inventor’s name as “DABUS, an AI that autonomously generated the invention”. The primary examiner at the Japan Patent Office (“JPO”) rejected the 051 application and instructed the applicant to name a natural person (i.e., a human) as the inventor. The patent applicant refused to make the suggested amendment and appealed said rejection. In a Board of Appeals decision dated 12 October 2022, the JPO found that the rejection was lawful and reasonable, and dismissed the applicant’s appeal.

The plaintiff filed suit with the Tokyo District Court seeking to revoke the Board’s rejection, arguing it was unlawful on the basis that there is no provision in patent law limiting who can obtain patent rights, and the mere fact that AI generated inventions were not envisaged when the patent law was enacted is not a reason to deny patent protection.

Further, the plaintiff referenced Article 27(I) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”) and Article 52 of the Europe Patent Convention (“EPC”). In light of these international provisions on patentable subject matter, the plaintiff argued that due to global harmonisation trends, Japan’s patent law should be interpreted as not excluding AI generated inventions from protection. The plaintiff also argued that in contemporary technological times, AI systems are capable of generating products autonomously (i.e., without any configurations, preferences and instructions provided by natural persons), and such inventions should be protected by patent law.

Summary of Decision

In summary, Presiding Judge Motoichi Nakajima of the Tokyo District Court rejected the plaintiff’s arguments on the following bases:

- (i) Section 2, paragraph 1 of the *Intellectual Property Basic Act* 2002 (Japan)³ defines “intellectual property” as “inventions ... that [are] produced through creative activities by human beings ...” hence an invention is something produced by a natural person.
- (ii) Section 36 of the Patent Law 1959 (Japan),⁴ which lists the requirements of a patent application, requires the name of the inventor on the application, and since this “name” refers to that of a natural person, the Patent Law presumes that an inventor is a natural person. (Note: the Japanese kanji for “name” is 氏名 or shimei, and the Japanese kanji 氏 connotes the meaning of a natural person.)
- (iii) Section 66 of the Patent Law stipulates that patent rights come into effect by the registration of a patent, and section 29, paragraph 1 stipulates “a person who invents an invention ... may obtain a patent for that invention” and since an AI system is not a legal person nor has the right to obtain a patent, the above-mentioned “person who invents the invention” is a natural person. If the “inventor” in the Patent Law were interpreted as including an AI system, there would be no legal basis to determine who should be the inventor. Should the inventor be the right holder of the software or the hardware that outputs the AI invention, the person who exclusively manages it, or other persons related to the AI invention?
- (iv) The provisions in TRIPS do not expressly mandate that member states include AI or non-human entities as inventors under national patent law. Moreover, the European view on harmonisation is for reference: it does not necessarily influence Japan’s patent law under the principle of territoriality.
- (v) The Court took judicial notice that the Patent Offices and courts in many countries were cautious about interpreting the definition of “inventor” in their respective national patent laws and have declined to consider whether AI is eligible to be named as an inventor. The Court held that it will be up to the legislature to create a new legislative framework that addresses the rights related to inventions created by AI systems.

The Court concluded that, taking into account all the circumstances, the term “inventor” under the Patent Law is interpreted to be limited to natural persons.

Commentary

This decision follows the vast majority of leading industrial jurisdictions that only a human person is eligible to be named as an inventor under a country’s patent law and an AI system is not eligible.

At the time of writing, it is uncertain whether the applicant will appeal the District Court decision to the Intellectual Property High Court of Japan. At this stage, the position in Japan is consistent with other jurisdictions such as Australia,⁵ the United Kingdom,⁶ the United States,⁷ as well as the European Patent Office⁸ and the German Federal Court of Justice⁹ which have all concluded that patent law does not allow AI to be listed as an inventor on a patent application.

Nevertheless, AI is increasingly being used to develop new products and processes in almost every aspect of our business, scientific, educational, industrial, consumer and digital lives. If there is a lacuna in conferring adequate intellectual property protection for such AI generated inventions, it may disincentivise innovation, and as a result, harm the developing world economy and international trade by impeding technological development and investment. Therefore, it is very likely that national legislatures and policy makers may have to eventually directly deal with AI generated inventions as the Tokyo District Court noted above.

1 Executive Director and Board Member, SHUSAKU-YAMAMOTO, Osaka, Japan. Any questions about this article should be e-mailed to John A Tessensohn at jtessensohn@shupat.gr.jp. This update reflects only the personal views of the author and should not be attributed to the author’s firm or to any of its present or future clients.

2 Case No. Reiwa 5 (gyo u) No. 5001 dated 16 May 2024, <https://www.courts.go.jp/app/files/hanrei_jp/981/092981_hanrei.pdf> (Japanese Web Page).

3 *Intellectual Property Basic Act*, Law No. 122 of 4 December 2002.

4 *Patent Law*, Law No. 121 of 13 April 1959, as amended.

5 *Thaler v Commissioner of Patents* [2022] HCA Trans 199 (11 November 2022).

6 *Thaler v Comptroller-General of Patents, Designs and Trade Marks* [2023] UKSC 49 (20 December 2023).

7 *Thaler v Vidal*, 43 F.4th 1207, 1210 (Fed. Cir. 2022), cert. denied, 143 S.Ct. 1783, 215 L. Ed. 2d 671 (2023).

8 Decisions of 21 December 2021, J 0008/20 – Designation of inventor/DABUS and J 0009/20 – Designation of inventor/DABUS II, each at 4.3.1.

9 *President of the German Patent and Trademark Office v Thaler*. Federal Court of Justice, decision dated 11 June 2024, docket number X ZB 5/22.

SINGAPORE

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A New Era of AI Governance: Singapore’s Framework for Generative AI

Singapore has been at the forefront of the global effort to develop and implement artificial intelligence (“AI”) governance frameworks. Recognising the transformative potential of AI, as well as the inherent risks, Singapore has proactively sought to create a balanced and trusted AI ecosystem. In response to the rapid advancements in generative AI, Singapore has introduced a Model AI Governance Framework specifically tailored to address the unique challenges and opportunities presented by this technology.

The Model AI Governance Framework, first introduced in 2019 and subsequently updated in 2020, has been a cornerstone of this effort. While not legally binding, the Framework carries significant weight and influence, as it reflects the Government’s expectations for AI development and deployment. It serves as a benchmark for industry players and encourages the adoption of ethical and transparent AI practices.

The latest iteration of the Framework, the *Model AI Governance Framework for Generative AI*, published on 30 May 2024, builds upon the existing Framework and specifically addresses the nuances of generative AI technologies, such as ChatGPT and text-to-image generators such as Firefly and Midjourney. This new Framework, developed in consultation with some 70 organisations ranging from tech giants Microsoft and Google to Government agencies such as the US Department of Commerce, is a response to the growing global recognition that generative AI, while holding immense potential, also poses novel risks and challenges that require careful consideration and governance.

Key Dimensions of the Model AI Governance Framework for Generative AI

The Framework addresses nine key dimensions to foster a trusted ecosystem for generative AI:

1. **Accountability:** Establishing clear lines of responsibility throughout the AI development and deployment lifecycle to encourage developers to be accountable for the impacts of their AI systems.
2. **Data:** Ensuring data quality, addressing privacy concerns, and navigating copyright issues related to training data. The Framework emphasises the importance of robust data governance practices to ensure fairness, accuracy, and respect for copyright. These include disclosing the origin and composition of the training data used to develop

generative AI models, implementing mechanisms to filter out copyrighted material from training data sets, and encouraging the use of creative commons licences and other forms of open source data.

3. **Trusted Development and Deployment:** Promoting transparency and adopting best practices in AI development, evaluation and disclosure.
4. **Incident Reporting:** Establishing mechanisms for reporting and addressing AI related incidents and vulnerabilities.
5. **Testing and Assurance:** Encouraging third party testing and the development of common standards for AI evaluation.
6. **Security:** Adapting security measures to address the unique threats posed by generative AI, such as prompt injection attacks which involve manipulating AI input to override the user's original instructions and execute malicious commands. This potentially leads to data breaches, manipulated output, or system compromise.
7. **Content Provenance:** Implementing measures such as watermarking to ensure transparency and combat misinformation related to AI generated content.
8. **Safety and Alignment R&D:** Investing in research to improve the safety and alignment of AI models with human values.
9. **AI for Public Good:** Promoting the use of AI for societal benefit, including democratising access, improving public services, and upskilling the Singapore workforce.

Current Laws and Regulations Governing Generative AI in Singapore

Currently, Singapore does not have specific laws or regulations that exclusively govern generative AI. However, existing laws and regulations do apply; two of the most relevant are the *Personal Data Protection Act 2012* (Singapore) (the "PDPA") and copyright.

PDPA

The PDPA is central to the governance of generative AI due to the technology's reliance on vast amounts of data, which often includes personal data, for training and operation. The PDPA governs the collection, use, and disclosure of personal data in Singapore, ensuring that individuals' privacy rights are protected.

1. **Data Collection and Consent:** Generative AI models are often trained on large datasets scraped from the internet which may contain personal data. The PDPA requires organisations to obtain consent from individuals before collecting their personal data, unless an exception applies. This raises questions about whether and how consent can be obtained for using personal data in AI training.
2. **Data Anonymisation:** To mitigate privacy risks, organisations may anonymise personal data before using it for AI training. However, the PDPA's definition of

personal data is broad, and there is a risk of re-identification, especially with the advanced capabilities of AI tools. Organisations must ensure that anonymised data remains truly anonymous and cannot be linked back to individuals.

3. **Data Protection and Security:** The PDPA mandates that organisations implement reasonable security measures to protect personal data from unauthorised access, use, disclosure, modification, and disposal. This is particularly important for generative AI models, as they may process and store large amounts of sensitive personal data.
4. **Transparency and Accountability:** The PDPA emphasises the importance of transparency and accountability in the handling of personal data. Organisations using generative AI should be transparent about how personal data is used in their models and ensure that they can explain the decision making processes of their AI systems.

The relevance of the PDPA to generative AI is further highlighted in Singapore's initial *Model AI Governance Framework* from 2020, which explicitly calls for policymakers to articulate how existing personal data laws apply to AI. This includes clarifying consent requirements, applicable exceptions, and providing guidance on good business practices for data use in AI applications. This framework also encourages the use of Privacy Enhancing Technologies to protect data confidentiality and privacy while enabling AI development.

As generative AI continues to evolve, the PDPA will need to be continuously interpreted and adapted to address the unique challenges posed by this technology.

Copyright Laws

Copyright laws are also implicated, as generative AI models can potentially generate content that is protected by copyright and/or infringes existing copyrights.

This gives rise to a few key issues:

1. **Use of Copyrighted Content to Train a Generative AI System:** The extent to which copyrighted content can be used to train generative AI models is unclear. The *Copyright Act 2021* (Singapore) allows the use of copyrighted works for computational data analysis under certain conditions, but this has not been tested in court in the context of AI training.
2. **Protection of the Output of the Generative AI System Under Copyright and/or Patent Laws:** The current position under the Copyright Act is that the author must be a natural person. Whether copyright can subsist in the output of generative AI depends on the level of human creativity involved in the prompting and editing process, and the nature of the output.
3. **Liability for Copyright Infringement Resulting from the Output of Generative AI:** This is a developing area of law.

Liability for copyright infringement depends on how the generative AI tool works and how similar the output is to existing copyright works.

These issues are complex and evolving, and Singaporean courts and policymakers are actively working to address them. The Government is exploring legislative and non-legislative solutions, such as copyright guidelines and codes of practice, to balance the interests of copyright holders and AI developers. The outcomes of ongoing lawsuits in the US and UK and policy discussions will also help to shape the future of generative AI regulation in Singapore.

Singapore is also actively participating in international discussions and initiatives on AI governance, including those related to copyright and intellectual property, with the aim of developing harmonised approaches to address the global challenges posed by generative AI and copyright.

Future Developments in Generative AI Governance in Singapore

In addition to the *Model AI Governance Framework for Generative AI*, the Singapore Government is also exploring the development of sector-specific regulations and guidelines for generative AI, particularly in sectors such as finance and healthcare.

Additionally, Singapore is investing in research and development to enhance the safety and alignment of AI models, as well as promoting international collaboration on AI governance. In fact, the *Model AI Governance Framework for Generative AI* was designed to align with international AI principles such as the *Hiroshima AI Process* which calls for the development of interoperable global standards of AI governance frameworks.

Conclusion

Singapore's *Model AI Governance Framework for Generative AI* represents a significant step towards establishing a comprehensive and balanced approach to governing this rapidly evolving technology. By addressing key dimensions such as accountability, data, transparency, security, and safety, Singapore aims to foster a trusted ecosystem that encourages innovation while mitigating risks.

While specific regulations for generative AI are still under development, the existing legal framework and ongoing efforts demonstrate Singapore's commitment to responsible and ethical AI development and deployment. As generative AI continues to advance, Singapore's proactive approach to governance will likely serve as a model for other countries grappling with the challenges and opportunities presented by this transformative technology.

Current Developments – Europe

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***Lifestyle Equities* – the Evolution of “Targeting” in the United Kingdom**

Lifestyle Equities CV and Anor v Amazon UK Services Ltd and Ors

[2024] UKSC 8

Over the years, European and United Kingdom courts developed principles through case law to deal with the issue of applying UK/EU trade mark law to cross-border sales and marketing of goods over the internet. One of those principles is that of “targeting”. Targeting is where the marketing, and offering for sale, of branded goods which is directed at UK/EU consumers, can be regarded as use of the trade mark in the UK/EU for the purposes of trade mark infringement. Therefore, even if a sale contractually occurred in a foreign country, the trader’s offering for sale and advertising to UK/EU consumers of branded goods would be regarded as use of the relevant brand in the course of trade in the UK/EU. This could in turn amount to trade mark infringement.

UK courts have traditionally considered, amongst other things, the intention of the website operator to assess targeting. In essence, is the website operator deliberately targeting UK consumers? If so, their use of a trade mark over the internet would be regarded as trade mark use in the UK/EU for the purposes of assessing trade mark infringement. However, following recent decisions from the UK courts, the focus is now on what the average consumer’s experience of the purchase is (i.e. did they feel that the offer was aimed at them?).

In this update I review the UK Supreme Court decision in *Lifestyle Equities CV and Anor v Amazon UK Services Ltd and Ors* [2024] UKSC 8 (“*Lifestyle Equities*”) which sheds light on what will be considered targeting, and the circumstances in which there will be trade mark infringement.

Background

This case concerned the infringement of a number of UK/EU registered trade marks owned by Lifestyle Equities (“Lifestyle”). The dispute arose because Amazon had, through its US website, marketed and sold the goods of a US company branded under identical marks to those of Lifestyle to UK consumers. While the US company and Lifestyle had been coexisting in the US, this was not the case for the UK/EU. Lifestyle therefore contended that Amazon’s

marketing or sales of goods from the unrelated US company to UK consumers through its US website amounted to infringement of its UK/EU trade marks.

There were two key issues in this case:

1. whether the marketing and offering of the products through Amazon’s US website was “targeted” at UK consumers. If Amazon’s behaviour constituted “targeting” of UK consumers, then there would be a finding of trade mark infringement; and
2. whether *actual* sales to UK consumers, where there had been no targeting or marketing to UK consumers, could amount to infringement. Lifestyle essentially contended in the alternative that even if there had been no targeting of UK consumers, there had been actual sales of the relevant products in the UK which would be enough to constitute infringement per se. The basis for this argument was a decision from the Court of Justice of the European Union in *C-98/13 Blomqvist v Rolex SA* [2014] ETMR 25 (“*Blomqvist*”), which, in the context of a customs action, treated the sale of a branded product to an EU consumer as use of the relevant trade mark in the EU market even if the sale occurred outside the EU and there was no marketing of the product to the EU consumer.

The Issue of Targeting

Targeting in the EU/UK has traditionally been assessed by having regard to the intention of the website operator. “The trader ought to have manifested an intention to establish commercial relations with consumers”¹ in the EU/UK. This intention did not have to be clearly expressed but could be implied from the trader’s activities. Mere accessibility was not enough, there had to be indications that UK/EU consumers were targeted. In *Pammer*,² the Court of Justice of the European Union gave guidance on what could constitute evidence to conclude that the trader was directing its activities to UK/EU consumers. An example would be the use of the language and currency of the UK/EU consumer where the trader is located elsewhere, and the indication that the seller was willing to dispatch the product to the UK/EU consumer’s location.

Through the years the UK courts emphasised that the fact that a website that is accessible from anywhere in the world, even if it attracts occasional interest from consumers unintendedly, should not give rise to liability.³ The courts also started to put the focus on the perception of the average consumer to determine whether the trader targeted them. Evidence of a *subjective intention* from the trader continues to be relevant to determine whether the trader’s activities targeted the UK but, crucially, this has to be considered

from the perspective of an average consumer in the UK.⁴ The ultimate question is whether the average consumer in the UK would consider the website directed to them. It is not actually necessary to show that the trader had a subjective intention to target UK consumers, as the key issue is whether consumers themselves felt targeted.

Turning back to this case, in the first instance decision, the UK High Court did not find that Amazon's US website targeted UK consumers. Consumers would, in the High Court's view, conclude that Amazon's US website was targeted at consumers in the US rather than the UK. UK consumers would conclude this because (i) the US website advised incoming consumers from the UK about the availability of the UK website and (ii) the UK website had lower delivery times and prices than the US website. The High Court also held that (iii) there were statistically very few sales of the US branded goods to the UK and (iv) that Lifestyle's purpose in bringing the claim was not so much to prevent sales to the UK but to prevent UK consumers who strayed onto the US website learning of the low prices of the US branded goods, thereby downgrading the value of the marks.

Lifestyle appealed to the UK Court of Appeal where it claimed that the High Court's assessment on the targeting issue had been vitiated by numerous errors in the assessment. The Court of Appeal agreed with Lifestyle and found that Amazon had plainly targeted UK consumers. In deciding the issue, the Court of Appeal highlighted, amongst other things, that:

- (i) the High Court had attached too much weight to the perception of the US website as a whole instead of analysing each of the acts of targeting complained of;
- (ii) it was wrong to conclude that because the US website was primarily directed at US consumers then it could not target UK consumers;
- (iii) it focused too much on Amazon's subjective intention instead of the perception of UK consumers and whether they would consider the US website to target them;
- (iv) the High Court wrongly concluded that the UK aspects of the website were simply designed to make the US website more user friendly for a non-targeted UK consumer;
- (v) it was wrong to consider the lower shipping costs on the UK website because consumers would probably not be aware of them; and
- (vi) it was wrong to treat Lifestyle's motives in bringing the claims as relevant evidence to the question of targeting.

Amazon appealed to the Supreme Court who upheld the Court of Appeal's decision on targeting but for different reasons and adopting a different approach. In deciding the

matter the Supreme Court considered the following and sought to provide guidance in the assessment of targeting:

- (i) The Court of Appeal seemed to conduct a rather self-contained review of the specific parts of the website where it should have considered Amazon's website as a whole. Otherwise, as put by the Supreme Court, "the approach may miss the wood for the trees".
- (ii) The Court of Appeal was not wrong to disregard the evidence regarding the different delivery times and charges. This was insufficient to point away from targeting UK consumers.
- (iii) It is appropriate to conduct a review of the consumer's journey through the website forwards rather than backwards (the Court of Appeals did the latter) as it better reveals what the average consumer is likely to see and conclude.
- (iv) While the Court of Appeal reached the correct conclusion on targeting, its approach was too simplistic and applied a low threshold. Indeed the Supreme Court agreed that there was targeting but not just because of specific parts of Amazon's US website (in particular the "Review your Order" page) but due to the combined effect of the US website as a whole which was designed specifically to offer goods to consumers with UK IP addresses.

Overall, the Supreme Court emphasised that the assessment of targeting should take into account all relevant facts and circumstances viewed from the perspective of the average consumer in the UK. At the heart of the assessment is the experience of UK consumers of the website and their journey throughout it. In this particular case, the Supreme Court considered relevant that upon landing on Amazon's US website, consumers would see the message "Deliver to United Kingdom" and be told for each product whether it would be available in the UK by noting "ships to United Kingdom". Consumers would eventually reach the "Review your order" page to purchase the relevant product. This final "Review your Order" page was, in the Supreme Court's view, an offer from Amazon for sale to a consumer at a UK address, with UK specific delivery times and prices and the ability to pay in sterling (with an exchange rate from US dollars).

On balance, the Supreme Court thought that Amazon's US website did show with reasonable clarity that it was targeting UK consumers accessing its US website. UK consumers would be told from start to finish that they would be shown goods available for delivery to them in the UK and that those goods could be delivered to them. Amazon's software deliberately sent the message "Deliver to the United Kingdom" unless the consumer changed their delivery address by using the "Change Address" option in the pop-up box. This was, in the Supreme Court's view, an indication that Amazon thought about whether it was seeking sales to UK consumers

for delivery to the UK and decided that it was. So while consumers were given the mere option to change to the UK website, they were nonetheless offered products from the US website for those who wished to continue to shop from the US website. A strong indicator of this was Amazon telling consumers specifically which products would be available for shipping to the UK.

The Supreme Court also pointed out that the fact that US dollars was the default currency and that the products on Amazon's US website had longer delivery times and more expensive delivery costs than Amazon's UK website was not enough to point away from targeting. This was because there were options prominently displayed to change the currency on the landing page, with sterling included as one of those options.

Delivery times being quicker and prices being lower on the UK website was not a strong point against targeting either. Consumers would not conduct a detailed comparison and, in any event, if the product was available to purchase from Amazon US then it was open to the UK consumers to buy that product even if more expensive or if it took longer for the delivery.

As a result of the above, the Supreme Court found that the UK average consumer would, as a result of their experience of the Amazon US website, conclude that Amazon did target the UK and therefore infringed Lifestyle UK/EU trade marks in the UK.

The Issue of Actual Sales to Consumers

The Supreme Court also considered whether actual sales to UK consumers could amount to use in the UK and therefore trade mark infringement.

As discussed in the "Background" section above, this claim made by Lifestyle relied on the Court of Justice of the European Union's decision in *Blomqvist*. Lifestyle argued that, in accordance with that EU precedent, actual sales of goods to a consumer in the UK or EU amount to use of the sign in the UK/EU regardless of whether there had been targeting or not. So it would not matter if the sale was preceded by offers for sale and/or advertisements targeted at the UK or EU consumer. Therefore, even if Amazon US did not target UK consumers, there would be trade mark infringement nonetheless.

In the first instance the High Court had found that *Blomqvist* would not apply to this case. The Court felt that this could only be applied to cases where the sale of the relevant product through a website takes place *within* the EU or if the product is intended to be put on sale within the EU. However, the Court of Appeal disagreed and held that actual sales of goods to UK consumers amounts to use in the UK even if not preceded by targeting or advertisements to the UK consumer.

Amazon appealed to the Supreme Court claiming that the Court of Appeal had gone too far and that the effect of the decision of the Court of Appeal, if upheld, would be that the English Courts' jurisdiction would catch acts from foreign traders where there is no targeting, but where consumers choose to visit their website and import goods for their own personal use.

Unfortunately, the Supreme Court found it unnecessary to consider the appeal on the issue of "actual sales" as there had been a finding on targeting so there was infringement anyway. Although the Supreme Court also made it clear that there were a number of uncertainties relating to the facts in *Blomqvist* which made it difficult to have clarity on the extent of the ambit of the Court of Justice of the European Union's decision. As a result, the Supreme Court felt that the EU decision would hardly do much for the jurisprudence.

Comments

The Supreme Court's ruling provides clarity on what amounts to "targeting" and how the Court should approach the assessment of targeting. The focus of the assessment now rests heavily on the consumer's experience of the website. The website operator's intention is still relevant but not necessarily fundamental if consumers have felt that they have been targeted.

Trade mark owners in the UK will certainly welcome the decision as it should allow them to complain about online infringement in situations where the website operator's intention may not be that obvious but consumers would have been targeted nonetheless.

Conversely, the decision means risk for online operators who may inadvertently be infringing UK trade marks by, for example, allowing UK consumers to purchase their products and smoothing the UK consumers' purchase. Businesses ought to now think carefully about the perception of UK consumers of their website. To this end, the decision from the Supreme Court will be helpful as it will allow online traders to consider their website in an attempt to reduce risk. The facts of each case will be key but, as the Supreme Court noted, the overall context when it comes to the website, and the consumer's experience of their journey through it, will be very important to the assessment.

Finally, whether "actual sales" to UK consumers without prior targeting or marketing infringe as per the decision in *Blomqvist* remains unclear. The Court of Appeal decision suggests that actual sales would amount to infringing use, although the Supreme Court's comments on the reliability of the *Blomqvist* jurisprudence casts doubt on whether it would be applicable. This issue remains "unclear", which also means that risk remains as to how "actual sales" to UK consumers without prior targeting or marketing will be considered by the courts in the future.

- 1 *Pammer v Reederei Karl Schlüter GmbH & Co KG; Hotel Alpenhof GesmbH v Heller* (Joined Cases C-585/08 and C-144/09) [2010] ECR I-12527; [2012] Bus LR 972, CJEU.
- 2 *Pammer v Reederei Karl Schlüter GmbH & Co KG; Hotel Alpenhof GesmbH v Heller* (Joined Cases C-585/08 and C-144/09) [2010] ECR I-12527; [2012] Bus LR 972, CJEU.
- 3 *Argos Ltd v Argos Systems Inc* [2018] EWCA Civ 2211; [2019] Bus LR 1728.
- 4 See *Argos Ltd v Argos Systems Inc* [2018] EWCA Civ 2211; [2019] Bus LR 1728 and *Merck KGaA v Merck Sharp & Dohme Corp* [2017] EWCA Civ 1834; [2018] ETMR 10.

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Should Providing a Portable Television Really be a Communication to the Public?

C-135/23 *Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte eV (GEMA) v GL*, EU:C:2024:151 (AG), EU:C:2024:526 (Court)

The Advocate General opens his remarks in C-135/23 *Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte eV (GEMA) v GL* (“GEMA”) by stating that the right of communication to the public has received the “lion’s share” of attention of the Court of Justice of the European Union.¹ This does not really capture the extent of jurisprudence on the issue. *GEMA* is the 34th decision² of the Court of Justice on an author’s right to control the communication to the public of a work.³ This is twice as many decisions as it has handed down on the reproduction and distribution rights combined.⁴

This extensive jurisprudence from the Court of Justice might lead one to believe that there could be no radical new shifts in the development of the law. However, *GEMA* might have achieved just this outcome. In a nutshell, the Court held that a landlord who lets out apartments on a *short term* basis, where each apartment includes its own television with an “indoor antenna”, is communicating to the public every single broadcast those televisions receive.

The scope of the right so far

The Court of Justice has made it clear that a communication to the public has two elements. First, there must be a “act of communication” and, secondly, there must be a (new) “public” to which that communication is addressed.⁵ There is also a distinction drawn between infringing acts of communication and the non-infringing provision of physical facilities for enabling or receiving a communication.⁶ This distinction between the provision of facilities and communicating a work has been developed over a series of cases. In the first C-306/05 *SGAE*,⁷ the Court held that a hotel which installs televisions and then distributes copyright works to each room via a central aerial is communicating the works to the public. In contrast, in C-775/21 and C-826/21 *Blue Air Aviation*,⁸ it was held that installing a music system in an aircraft was not a communication to the public, but it would become one when it was turned on to play background music. Likewise, in C-753/18 *Stim and SAMI*,⁹ it was held that the rental of cars, which had radios installed, was not a communication to the public.

Hotel rooms and short term lets

In this vein, the Court of Justice has held a pub,¹⁰ a spa¹¹ and a rehabilitation centre¹² to be public spaces. A television being shown in that space is an infringing communication to the

public.¹³ But these findings were all preceded by *SGAE*, where a hotel was said to be a public space. This was based on the fact that the occupants of hotel rooms quickly succeed each other and so cumulatively, they become an indeterminate number of people and so a (new) public.¹⁴ The communication coming from the central aerial to many rooms at the same time does look like it could be a communication to the public.¹⁵ On the other hand, it does not make much sense to view the successive occupants of a hotel room as forming a public. Each successive occupant will be enjoying a different copyright work being broadcast because television schedules are different every hour and every day. An occupant viewing a film today cannot be said to enjoy the same communication as a guest watching a soap opera tomorrow.

Nevertheless, the reasoning in *GEMA*¹⁶ was put forward as a logical extension of *SGAE*, but is it really? It was said that where apartments are let on a short term basis, in particular as tourist accommodation, their tenants should be classified as the “public” because, like hotel guests, collectively they constitute an indeterminate number of potential recipients.¹⁷ In contrast, where a person establishes their principal or secondary residence in an apartment, that person will be treated as the owners of the television and will be enjoying the work received in their private or family circles (and so there is no “public”).¹⁸ The referring court said there were 18 apartments, but did not describe the duration of the “short term” let or the type of rental agreement. The Court of Justice had little to work with when helping to draw the lines.

In *GEMA* there was no central signal from within the premises and, instead, each room or apartment has its own distinct television.¹⁹ In the absence of a one-to-many signal what is the reason the apartments should be considered together? Common ownership maybe? If so, is there a minimum number of apartments that must be held by the landlord? Can they be located in different places? If so, how far apart can they be? If the supply of a television to a single rental apartment is sufficient, what about people who let out a spare room (with its own television) on a short term basis? The business model for hotels is relatively consistent but the same cannot be said for short term lets. How long does the let need to be? Where an apartment is let continually throughout the year to people for a few days or a week or two at a time, it is easy to draw a parallel between this sort of business and that of hotels. But what if an apartment is let to a person for a month or two? Do people who let out bigger properties (with more occupants) need a copyright licence after fewer lets than would be needed for a small studio apartment? The Court referred to “tourist” lets, but does the rule also apply to lets for business purposes or even corporate lets? The confusion over the type of let is only the beginning.

The provision of a television

As already mentioned, it is necessary to identify an “act” of communication for there to be an infringement of copyright. The Court of Justice highlighted once more the rule that a person makes an “act of communication” when

that person, in full knowledge of the consequences, gives customers access to a protected work²⁰ (and, in particular, where but for that intervention they could not enjoy the protected work). The provision of a television (with its own aerial) to a hotel or rental guest satisfies this obligation.²¹ It is critically important to understand that the question is never whether the television is switched on by a guest.²² This means the provision of the television itself is sufficient to be a communication and so there is an infringement of any work in a broadcast signal even when it is watched by nobody. This finding may make some sense in *SGAE* where there was a central signal being retransmitted to multiple televisions within a hotel. The signal has been retransmitted even if it is not accessed. But it is very peculiar when it is applied to simply possessing a television which may (or may not) be turned on to pick up a third party signal.

The Court has also indicated that the commercial nature of a business providing the apparatus is a relevant (but not necessary) condition to make the provision of apparatus a communication to the public. Accordingly, if hotel guests (or renters) attach value to the ability to access the television broadcast in their room or apartment, this suggests it being a communication to the public. But where the public give no importance to such access, it suggests against.²³ It is this profit-making nature which helps distinguish between a “communication to the public” and the “mere provision” of facilities.²⁴ Again the criterion being weighed is not whether there is actually access, but whether the possibility of access is important to patrons.

This distinction is odd and somewhat arbitrary. Why is providing a rental car with a radio not a communication to the public, but providing a hotel room with a television or radio is? The only rationale put forward by the Court of Justice in *Stim and SAMI* was that the radio is an “integral” part of the car²⁵ whereas (the Court must have thought in *SGAE*) a television is not an integral part of a hotel. This rationale appears, at first blush, to be logical. However, it is possible to buy cars that do not have integrated radios;²⁶ likewise, a person who buys a hotel as a going concern may be buying it with televisions which are integrated (“built in”) into the rooms already. The commercial attractiveness of a television in a hotel room may now be comparable to a radio in a car. With the rise of subscription television services, hotel patrons may be more likely to listen to the radio while driving to a hotel than watch television when they arrive. They may prefer to watch the next episode of their favourite television show from their preferred streaming service or listen to their regular podcast on their own device.

The signal doesn’t matter

The Court’s reasoning in relation to how the signal was received is no more satisfactory. The Court of Justice in *GEMA* took the view that any distinction between a “central” and “indoor” aerial would be inconsistent with technical neutrality.²⁷ Once more, while this appears intellectually appealing at first sight, it makes it a primary infringement

simply to possess apparatus in certain commercial settings where the apparatus can be used to receive copyright works. Indeed, it would have been possible and sensible to draw a distinction between central and indoor aerials. The Advocate General distinguished *GEMA* from *Blue Air Aviation* because he said an airline could control when the transmission took place.²⁸ This could equally apply as a criterion to many of the other situations. A central aerial in a hotel gives a degree of control to the hotel (or landlord) which will not exist for the individual aerial. The landlord or hotelier selects the signal being picked up (by pointing the aerial) and, more importantly, it is possible to centrally disable the system (or to limit the channels that can be accessed). In contrast, where there is an individual aerial, the signal is selected by the occupant of the room (either by moving the aerial or choosing not to move it). In Europe this might be particularly important as the hotelier might point the aerial at the local transmitter in (say) Belgium whereas the guest with their own individual aerial might point it across the border into France.²⁹ It is suggested a much more robust view of “control” fits with the other decisions as well. The owner of a pub, spa or rehabilitation centre has control to determine what channels to make available on the television and, even when patrons have the remote control, the owners have the power to require the channel to be changed. In contrast, the driver of a rental car has control over the selection of which radio station to play throughout the period of their contract.

Concluding thoughts

At one level, the decision in *GEMA* might seem straightforward and uncontroversial. However, it does leave many questions unanswered. There are uncertainties as to the volume of trade that a landlord needs before a copyright licence is needed for any television or radio in the premises. But anyone running a short term letting business in the European Union on anything other than the most casual basis (including on Airbnb) should think carefully about whether to provide a television or radio and, if they do, whether to obtain a copyright licence. There are also potentially wider ramifications. If the provision of a television set with its own aerial is a communication to the public, then what about provision of WiFi? The owner of a WiFi router in a hotel or café is deliberately transmitting protected works to its customers and the customer would not be able to access those works without the WiFi.³⁰ The provision of WiFi increases the attractiveness of the café or hotel to its potential customers and so will increase custom. Indeed, there are many customers who simply would not give their custom to a business if it did not have WiFi. We know hotel guests and café customers are considered to be a “public”. Is the distinction that exists by reason of the customer needing to provide their own device to access WiFi sufficient? After all, smartphones, tablets and laptops are now ubiquitous.³¹ The Court of Justice in *GEMA* may well have extended the communication to the public right a lot further than it thought.

- 1 EU:C:2024:151 (AG), [1].
- 2 At the time of writing there are also two pending referrals: C-127/24 *VHC2 Seniorenresidenz* and C-826/11 *UPFR*.
- 3 The right is set out in Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society, Art 3. There are a further eight decisions on Article 8 of Directive 2006/115/EC on rental and right and lending right and on certain rights related to copyright. This provision deals with the broadcasting and communication to the public right for related rights.
- 4 There have been 10 rulings on the reproduction right in Article 2 and eight rulings on the distribution right in Article 4.
- 5 This has been repeatedly stated, see for instance, C-775/21 and C-826/21 *Blue Air Aviation*, EU:C:2023:307, [47]; but also see C-353/18 *Stim and SAMI*, EU:C:2020:268, [30].
- 6 See Directive 2001/29/EC, recital (27). This reflects the Agreed Statement on Article 8 of the WIPO Copyright Treaty.
- 7 [2006] ECR I-11519.
- 8 Likewise, an online file sharing system was found to be the provision of facilities (C-682/18 and C-683/18 *Youtube and Cyando*, EU:C:2021:503).
- 9 EU:C:2020:268.
- 10 See C-403/08 and C-429/08 *FA Premier League* [2011] ECR I-9083.
- 11 See C-351/12 *OSA*, EU:C:2014:110.
- 12 See C-117/15 *Reha Training*, EU:C:2016:379.
- 13 This approach essentially combines the public performance of a work with the communication of the public.
- 14 C-306/05 *SGAE* [2006] ECR I-11519, [38].
- 15 However, it is difficult to see how a single aerial to multiple rooms in a hotel is different from a single aerial to multiple private residences as might occur in an apartment block, unless the high turnover of guests is considered. And for the reasons set out above this is problematic.
- 16 EU:C:2024:526, [29].
- 17 EU:C:2024:526, [42].
- 18 EU:C:2024:526, [44] adopting the Advocate General: EU:C:2024:526, [60].
- 19 However, the Advocate General did compare an apartment *building* of multiple apartments to a hotel: EU:C:2024:151, [58] and [59]. This was endorsed in another respect by the Court: EU:C:2024:526, [44].
- 20 EU:C:2024:526, [23].
- 21 In many jurisdictions this would fit more closely with acts of secondary infringement comprising the supplying of apparatus to be used for infringing copyright: *Copyright Act* 1994 (NZ), s 39 (NZ); *Copyright, Designs and Patents Act* 1988 (UK), s 26.
- 22 EU:C:2024:526, [33].
- 23 EU:C:2024:526, [24] and [25] and [35].
- 24 EU:C:2024:526, [26].
- 25 C-753/18 *Stim and SAMI*, EU:C:2020:268, [34] and [35].
- 26 There are rules in the EU about radios being of a certain type when installed in cars, but no rule that a radio must be installed in a car: see Directive (EU) 2018/1972 establishing the European Electronic Communications Code (Recast), Art 113.
- 27 EU:C:2024:526, [37].
- 28 EU:C:2024:151, [54].
- 29 As to the country-of-origin principle and television, see Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services.
- 30 A phone signal would be a different transmission: see by analogy C-607/11 *ITV Broadcasting*, EU:C:2013:147.
- 31 After all, many people cannot watch a television provided without some of their own equipment – e.g. glasses or hearing aids.

FRANCE

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Additional guidance from the French Supreme Court on parasitism

French civil liability rules on unfair competition/passing off offer an interesting protection against unfair behaviours. The French legal system includes the concept of “parasitism” among the behaviours captured under the doctrine of unfair competition/passing off. Parasitism is in substance defined as a form of disloyalty. For an economic operator, this consists of placing itself in the wake of another in order to unduly benefit from the latter’s efforts, know-how, reputation acquired or investments made.² Unlike more general unfair competition/passing off rules, parasitism does not require a likelihood of confusion to be established. It can also occur between non-traders or without the parties involved being competitors.

Parasitism can be raised in addition to an infringement claim, be it copyright or design infringement.

Parasitism cases require a balancing with the principle of freedom of trade. The claimant bears the burden of proof that an individual’s economic value was unduly used by a third party, intentionally.

In recent years, French case law has highlighted that an individualised economic value cannot be deduced solely from the longevity and success of the marketing of a product.³ In an attempt to protect freedom of trade, the French Supreme Court (Cour de Cassation) has also held that ideas are free to circulate and that, accordingly, the mere fact of adopting and adapting a concept implemented by a competitor does not, in itself, constitute an act of parasitism.⁴

On 26 June 2024, the French Supreme Court published two decisions aimed at fine-tuning the scope of parasitism. In one of the case, the parasitism claims were rejected. In the other, the parasitism claims were accepted.

In the case where the parasitism claims were accepted,⁵ the contested behaviour related to a diving mask developed by Decathlon. Decathlon tried to argue that a competitor’s mask was infringing its design rights. However, the design infringement claims were dismissed since the copied characteristics were mostly imposed by the technical functions of the product and significant differences existed in the respective masks.

The Supreme Court held that the mask was subject to:

- design and development work carried out over a period of three years for a total amount of EU€350,000;

- an innovative approach taken by Decathlon; and
- advertising investments of more than EU€3 million and a turnover of more than EU€73 million between May 2014 and November 2018 generated by the sale of this product.

While insisting on the above, the appellate judges noted that the competitors did not provide evidence of any development work or costs incurred in relation to their own product. The Supreme Court further noted that equivalent products did not exist on the French market at the time the mask was launched. Last but not least, the Supreme Court judges held that the launch of the competing mask occurred when Decathlon were still investing in advertising broadcasts and the mask was still enjoying great commercial success.

The parasitism claims were successful despite the fact that the functions of the masks were not identical, as it appeared to the judges that overall, many competitors were strongly inspired by the appearance of the Decathlon mask. In the eyes of the judges, such circumstances allowed the competitor to benefit without any compensation or risk-taking, from a competitive advantage, which evidenced a deliberate intent to benefit from the success and the individual economic value of Decathlon.

The second case,⁶ which led to a rejection of the parasitism claims, related to a painting on canvas developed by Maisons du Monde, a company specialised in the business of furniture. Maisons du Monde’s painting was composed of different photographs, freely available on the internet, which were acquired, reproduced and combined on the canvas. The judges ruled that no economic value was established, insofar as it constituted a banal combination of pre-existing images which had never been put forward as emblematic or representative of Maisons du Monde.

To deny the parasitism claims, the Court further held that:

- the canvas was marketed for a limited period of time;
- it was never put forward as being emblematic of the “vintage” collection, a genre in vogue at the time;
- the company Maisons du Monde was not the only one to exploit it, and that it was not characteristic of the oeuvre of products of this company, which was simultaneously developing other collections titled “folk”, “Bovary” and “retro”;
- the canvas was made of frequent images evocative of the American lifestyle of the 1950s, available on the internet;
- Maisons du Monde had no intellectual property rights protecting the elements of these decors; and
- the decor of the painting was not subsequently used on other products.

In addition, the competitor's canvas was not an identical copy of Maisons du Monde's canvas.

One apparent difference between the two cases is that in the Decathlon case, the copied product was subject to intense investments leading to a wide public recognition, whereas in the Maisons du Monde case, the copied product was an ordinary product, which had not been subject to a specific promotional campaign by Maisons du Monde.

The method adopted by the French Supreme Court of publishing two decisions on the same theme on the same day is common. It aims to ease the task of claimants when assessing which categories their parasitism claims would fall into. It also provides guidance to the lower court judges in making their decisions and reasonings. It is all the more helpful in a context where parasitism tends to be applied widely by courts.

1 This report reflects the personal views of the authors and should not be attributed to the authors' firm or to any of its present and future clients.

2 Decisions from the Cassation Court of 16 February 2022, appeal no. 20-13.542; 10 July 2018, appeal no. 16-23.694; 27 June 1995, appeal no. 93-18.601.

3 Decision from the Cassation Court of 5 July 2016, appeal no. 14-10.108.

4 Decision from the Cassation Court of 22 June 2017, appeal no. 14-20.310.

5 Appeal no. 22-17.647

6 Appeal no. 23-13.535.

GERMANY

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DABUS: Can AI systems be named as inventors on German patent applications?

President of the German Patent and Trademark Office v Thaler

Federal Court of Justice, decision dated 11 June 2024, docket number X ZB 5/22

Background

Stephen L Thaler developed the AI system "Device for Autonomous Bootstrapping of Unified Sentience" ("DABUS") to generate inventions. Controversy arose when Thaler filed patent applications in various countries that listed DABUS as an inventor. Nearly all jurisdictions, including Australia, the European Patent Office, Israel, New Zealand, Taiwan, India, South Korea, the United States, the United Kingdom, and Germany, rejected Thaler's patent applications on the ground that an inventor must be a natural person. Only the Patent Office of South Africa granted Thaler's application without naming a natural person as an inventor.

Judgment of the German Federal Court of Justice

In its judgment of 11 June 2024, the German Federal Court of Justice ("FCJ") had to clarify if AI contributions must be attributed to a human inventor in order to be patentable.

Facts of the case

Thaler filed an application with a German Patent and Trademark Office ("GPTO") indicating DABUS as the inventor. The subject matter of the application was a food or beverage container.

The statement of inventorship didn't list the name of the applicant, but instead included the following declaration: "DABUS – The invention was autonomously generated by artificial intelligence."

The GPTO informed Thaler that the filed designation of the inventor did not comply with the statutory provisions, which provide that only a natural person can be an inventor.

Thaler argued that it would not be factually correct if he designated himself as the inventor. The AI he had developed produced the invention acting autonomously. He didn't influence either the task or the solution that led to the present invention.

The GPTO subsequently rejected the patent application for lack of a sufficient inventor designation.

Thaler appealed the rejection to the Federal Patent Court. He explained that he was facing a dilemma. On the one hand, he must provide truthful information about the inventor, which he claims to be DABUS. However, the patent application would be rejected if DABUS were named as the inventor.

Thaler's appeal to the Federal Patent Court was partially successful. The Court decided it was not permitted: i) to designate DABUS as the inventor, ii) to not name an inventor at all, nor iii) to add "c/o Stephen L. Thaler, PhD" to the inventor designation and amend the description to say that the invention was created by an AI system called DABUS. However, the Court considered the revised inventor designation, "Stephen L. Thaler, PhD who prompted the artificial intelligence DABUS to create the invention", met the legal requirements.

Decision

The FCJ confirmed that only a natural person can be named as an inventor in a patent application.

The FCJ pointed out that the right to be designated as the inventor is the explicit recognition of the inventor's status as an inventor ("inventor's honour"), to which AI is not entitled. On this basis, the BGH upheld the Federal Patent Court's decision, stating: i) that the use of AI does not preclude identifying a human inventor and ii) that AI cannot be listed as an inventor or co-inventor.

In this context, the Court held that the designation of a natural person as an inventor is also possible if AI has been used to generate an invention. A significant human contribution to the invention is sufficient to qualify a natural person as the inventor – even if AI has been used in the inventive process – as human contribution can also be identified when using AI. According to the current state of scientific knowledge, no AI generates new technical solutions without any human influence.

Contrary to the applicant's opinion, this legal situation does not impose unreasonable demands on the applicant concerning the obligation to provide truthful information. The fact that AI has made a substantial contribution to an invention does not contradict the assumption that a natural person is to be considered as the inventor. In this context, it is possible and reasonable for the applicant to name (at least) one inventor even if, in his opinion, AI has made the main contribution to the invention.

The Court concluded that the additional statement "Stephen L. Thaler, PhD who prompted the artificial intelligence DABUS to create the invention" clearly demonstrates that DABUS is not a co-inventor. This additional information is legally irrelevant and does not justify the rejection of the application.

Thus, the Court's reasoning aligns with previous international case law, reaching the same conclusion that a natural person (rather than an AI system) must be regarded as the inventor.

Impact on practice

By clarifying that only natural persons can be designated as inventors or co-inventors, this decision strengthens legal certainty and confirms that AI contributions must be attributed to a human inventor. Consequently, patent applicants should ensure that they designate a natural person as an inventor, even if AI has assisted in the inventive process. In conclusion, it should be emphasised that the exclusion of AI from the inventor designation does not lead to any restriction in terms of patentability or commercial disadvantage.

- 1 The authors thank their colleague Anda Soponar for her help with this update.

Current Developments – North America

CANADA

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Significant Changes to Canadian Trade Mark Proceedings and Official Marks Coming Soon

The Canadian Government has published long-awaited proposed amendments to Canada's *Trademark Regulations* (the "Regulations"). In a recent public consultation, the Canadian Intellectual Property Office ("CIPO") sought feedback on the proposed amendments.

The proposed changes are published in the *Canada Gazette, Part I*. They are meant to help put into effect the legislative amendments made to the *Trademarks Act* by the *Budget Implementation Act, 2018, No. 2*. While those amendments received royal assent in December 2018, they have not yet taken effect because the Regulations have not contained the necessary provisions to support their implementation. The proposed amendments are not yet law and remain subject to further revisions.

The proposed amendments are targeted at improving the efficiency and cost-effectiveness of Trademarks Opposition Board ("TMOB") proceedings and allowing for a new way to challenge official marks.

The key changes are as follows.

1. Cost Awards in Opposition Proceedings

Unlike what is done in trade mark proceedings before the Federal Court, the TMOB has not had the authority to award costs against a party to a proceeding to curtail inefficient behaviour that increases the cost of proceedings and hinders the timeliness of a resolution.

The proposed amendments put in place a regime that would award costs in a manner to discourage and prevent undesirable behaviours in proceedings and incentivise parties to efficiently advance proceedings.

The circumstances in which the Registrar may, at the request of a party, award costs in a trade mark opposition proceeding include:

- if an application for the registration of a trade mark is refused on the ground that it was filed in bad faith with respect to one or more of the goods or services;
- if a divisional application is filed on or after the day on which the original application is advertised;

- if a party who filed a request for a hearing withdraws their request less than 14 days before the day on which the hearing is scheduled to take place; or
- if a party engages in unreasonable conduct which causes undue delay or expense in a proceeding. A list of sample behaviours that could attract costs is expected to be set out in a practice notice.

In an expungement proceeding, the Registrar would only award costs if a party who filed a request for a hearing withdraws their request less than 14 days before the day on which the hearing is scheduled to take place or if a party engages in unreasonable conduct which causes undue delay or expense in a proceeding.

The proposed amendments would prescribe fixed cost awards based on the fees for initiating a proceeding.

This change is intended to discourage undesirable behaviours during TMOB proceedings. Cost awards would not be permitted if a proceeding ends before a decision is issued. A general policy of awarding costs to the winning party has not been adopted.

2. Case Management

The TMOB currently does not have express authority to give a direction or make an order to enhance the efficiency and cost effectiveness of a proceeding. For example, the TMOB currently lacks the ability to consolidate cases concerning very similar trade marks involving the same parties or to abbreviate timelines.

The proposed Regulations clarify how case management may be used in proceedings. First, the proposed Regulations provide that the Registrar may give any direction or make any order to deal with matters in a proceeding in an efficient and cost-effective manner as the circumstances and considerations of fairness permit.

Second, in cases where a specific proceeding requires a heightened and ongoing direction, the Registrar would be able to designate the proceeding a "case-managed proceeding", subject to any terms that the Registrar considers appropriate.

In determining whether to designate a proceeding a case-managed proceeding, the proposed amendments provide that the Registrar consider all the surrounding circumstances, including:

- the extent of intervention by the Registrar that the proceeding is likely to require for matters to be dealt with in an efficient and cost-effective manner;
- the nature and extent of evidence;

- the complexity of the proceeding;
- whether the parties are represented;
- the number of related files; and
- whether substantial delay has occurred or is anticipated to occur in the conduct of the proceeding.

Case management will serve to manage the procedures, schedules and timetables of a proceeding prior to a decision, minimising delays and costs. These capabilities are crucial for the TMOB to ensure the efficient and cost-effective resolution of cases.

3. Confidentiality Orders

The TMOB cannot currently prevent the disclosure of commercially sensitive or personal information submitted to the Registrar in proceedings as documents disclosed in proceedings before the Registrar are publicly accessible, aligning with the open courts principle. This circumstance can lead to parties filing minimal or incomplete evidence before the TMOB with the goal of introducing additional evidence, if necessary, when appealing the Registrar's decision to the Federal Court. Federal Court procedure allows for evidence to be filed confidentially.

The proposed amendments would set out how a party to a proceeding before the TMOB would be able to request an order that certain evidence be kept confidential. The proposed amendments specify that a request for a confidentiality order would need to contain:

- a description of the evidence that the party wishes to be kept confidential;
- a statement that the evidence has not been made public;
- the reasons why the evidence should be kept confidential;
- an indication of whether the other party in the proceeding consents to the request; and
- any other information that the Registrar requires in order to make a decision with respect to the request.

The proposed amendments encourage the provision of a full record of evidence before the Registrar but provide that, in deciding whether to make a confidentiality order, the Registrar consider the public interest in open and accessible proceedings.

4. Official Marks

Official marks are unique to Canada and are a type of prohibited mark intended to preclude any person from capitalising on a well-known, respected public symbol and adopting it for their own goods or services. Prohibited marks are associated with public institutions not involved in trade or business. For an entity to claim the benefit of an official mark, the entity must be a

public authority in Canada. Official marks provide broader protection than a regular trade mark and are not subject to renewal so they are on the register indefinitely. As no person can register a trade mark consisting of, or so nearly resembling as to be likely mistaken for, an official mark, objections to trade mark applications on the basis of official marks are commonly raised.

The proposed amendments will create a simple and efficient mechanism to allow the Registrar to, on its own initiative or upon receipt of a request and payment of a prescribed fee from any person, give public notice that the prohibition to adopt or use a particular official mark no longer applies in circumstances where the mark holder is not a public authority or has ceased to exist. Currently this requires the initiation of a proceeding in Federal Court.

The consultation regarding the proposed amended Regulations was open from 8 June 2024 to 8 July 2024. Submitted comments will be posted in the *Canada Gazette, Part I* following review by CIPO. No date has yet been set for the amendments to come into force but CIPO has advised that they will provide practice notices to assist with the transition.

UNITED STATES OF AMERICA

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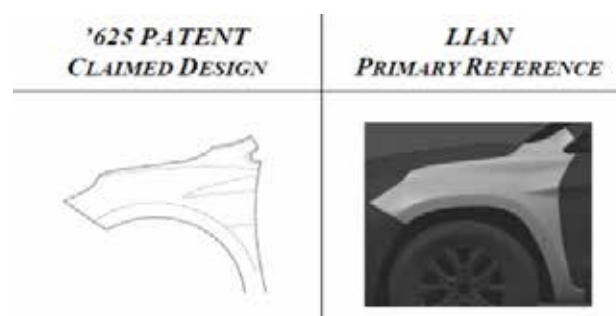
The Court of Appeals for the Federal Circuit Overrules Restrictive Obviousness Standard for Design Patents

In *LKQ Corporation v. GM Global Technology Operations LLC*, Case No. 2021-2348 (Fed. Cir. 21 May 2024) (“*LKQ*”), the United States Court of Appeals for the Federal Circuit sitting en banc, overruled the legal standard for obviousness of design patents, and in its place adopted the United States Supreme Court’s test for obviousness of utility patents.

By way of background, the US patent statute creates two types of patents: utility patents (which protect an article’s functionality) and design patents (which protects the article’s ornamental appearance, particularly its shape or configuration). Both types of patents are examined and issued by the United States Patent and Trademark Office, but there are substantial legal differences. For example, the term of a design patent is 15 years from the date of grant, while that of a utility patent is 20 years from its US filing date. The specification of a design patents is comprised primarily of figures, while utility patents typically require a significant invention disclosure. Design patents include only a single formulaic claim referencing the figures, while utility patents typically issue with multiple independent and dependent claims.

The issue in *LKQ* was the test for determining obviousness of a design patent. The prior approach, known as the *Rosen-Durling* test, consisted of two parts. First, the fact finder was required to “find a single reference ... the design characteristics of which are basically the same as the claimed design.” *Durling v. Spectrum Furniture Co., Inc.*, 101 F.3d 100, 103 (Fed. Cir. 1996) (quoting *In re Rosen*, 673 F.2d 388, 301 (CCPA 1982)). If no single prior reference was found under this step that created the same visual impression as the patented design, then the obviousness inquiry ended and no obviousness could be found. At step two, the *Rosen-Durling* test allowed for additional references to then be considered to modify the visual impression of the principal reference to create the same overall visual impression as the claimed design. That secondary reference must, however, been so related to the principal reference that the appearance of certain ornamental features in one would have suggested the application of those features to the other.

The matter at issue in *LKQ* involved GM’s claimed ornamental design for a front car bumper used in its Chevrolet Equinox, U.S. Des. Pat. No. D797,625. In an inter partes review proceeding, LKQ argued that GM’s ’625 Patent was anticipated or obvious in view of US Design Pat. No. D773,340 (“*Lian*”) (see the table below).



The Patent Trial and Appeal Board (“PTAB”) identified differences between the claimed design and the Lian reference, including (1) the wheel arch shape and the terminus; (2) door cut line; (3) protrusion; (4) sculpting; (5) inflection line; (6) the first and second creases; and (7) the concavity line, all of which it held affected the overall visual impression of each design such that they were not substantially the same. On this basis, the PTAB held that the ’625 Patent was not anticipated. In addition, the PTAB relied on those differences to find that the Lian design was not “basically the same” as the ’625 Patent, and therefore, could not serve as a primary reference under the *Rosen-Durling* test. At this point, the obviousness analysis ended, and there was no consideration of secondary references.

On appeal, LKQ argued that the PTAB erred by failing to recognise that the *Rosen-Durling* test had been implicitly overruled by the Supreme Court’s precedent in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 309 (2007) (“*KSR*”). In *KSR*, the Supreme Court rejected a rigid obviousness test for utility patents that required a “teaching, suggestion, or motivation” in the prior art in order to find a claimed combination obvious, and emphasised “an expansive and flexible approach”.

The Court of Appeals for the Federal Circuit agreed with LKQ that the “one size fits all” rigidity of the *Rosen-Durling* test was inconsistent with the Supreme Court’s flexible approach in *KSR*, with respect to both its steps. Instead, the Court of Appeals held, the factfinder should follow the same process as with respect to utility patents.

First, the factfinder must consider the scope and content of the prior art in the relevant (analogous) field of design, without the requirement that a primary reference be “basically the same” as the claimed design. In order to be

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considered analogous art, a prior design must be from the same field of endeavour. The Court left open the question of whether a design from another field may be reasonably pertinent to a particular problem confronting the designer.

Next, the differences between the prior art designs and the claimed design are determined. This approach did away with the threshold “similarity” requirement of the *Rosen-Durling* test.

Third, the level of ordinary skill (i.e., the ordinary designer) must be resolved.

Finally, the differences between the claimed design and the prior art are evaluated as obvious or non-obvious in view of the skill of the ordinary designer. In this analysis, the secondary reference need not be “so related” such that features in one reference would suggest application in the other reference, but they must be in the analogous art to the patented design.

If a prima facie showing of obviousness is found, the court must then consider secondary considerations as indicia of non-obviousness when such evidence is presented, namely, commercial success, industry praise, and copying. The Court of Appeals noted that it is unclear whether other factor relevant to utility patents, such as long felt but unsolved needs or failure of others, are relevant in the design context.

This important decision gives challenges of design patents a broader variety of tools to argue for obviousness of claimed designs.

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