

# INTELLECTUAL PROPERTY LAW SUMMARY

# INTRODUCTION

## WHAT IS IP?

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- IP is a chose in action which creates a legal interest or a legal right to something.
- The right is intangible and cannot be physically possessed.
- Can be enforced against others when they infringe your IP right.
- IP defined by Convention Establishing the World Intellectual Property Organization 1970 as rights relating to: literary, artistic and scientific works, performances of performing arts, phonograms and broadcast, inventions in all fields of human endeavor, scientific discoveries, industrial designs, trade marks, service marks and commercial names and designations, protection against unfair competition and all other rights.
- **Moore v Regents of the University of California:** (Re spleen tissue conversion – per Mosk J, ‘the term ‘property’ is sufficiently comprehensive to include very species of estate, real and personal, and everything which one person can own and transfer to another. It extends to every species of right and interest capable of being enjoyed as such upon which it is practicable to place a money value... Ownership is not a single concrete entity but a bundle of rights and privileges as well as obligations.’)

## WIPO DEFINITION

- WIPO deals with IP rights and administers them. Usually UN Agency.
- Proposes that by striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which creativity and innovation can flourish.

### Conceptual observations

- IP categories are not closed and often, law will attach because commercial value attaches. (I.e., right to personality is IP right in US, not Australia)
- Essentially, if it can be owned, transferred, excluded (and is intangible) then it can be IP.
- Without the exclusionary function that law serves the ownership would be without much value.
- Obligations may be imposed upon ownership often in the form of carve outs.
- Statutory law largely supersedes CL in IP. Statutes follow basic structure of:
  - (a) prerequisites for protection
  - (b) rights that flow from protection;
  - (c) actions that constitute infringement and
  - (d) exceptions to infringement/owner’s rights.
- Australia’s domestic IP laws are largely governed by an international treaty framework → so what is in our copyright Act reflects our international treaty obligations. That treaty framework is tied to serious enforcement networks – the WTO’s sanctions mechanism.
- Large bureaucracy to administer IP → basically it is a set of interrelated govt departments.
- The categories of IP are largely driven by their commercial application. However, the scale and depth with which society interacts with various forms of IP equally renders this a public policy subject.

## IP REGULATION IN AUSTRALIA

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- Statute covers most of the field: *Copyright Act 1968 (Cth)*; *Patents Act 1990 (Cth)*; *Trademarks Act 1995 (Cth)*; and *Designs Act 2003 (Cth)*.
- Common law: Passing Off; Misappropriation; Confidential Information
- So much statutory law because of the scope and complexity that CL cannot be relied upon. Parliamentary inquiries are able to focus on the volume and complexity of issues that IP creates and is thus a better forum than a court.
- Sui generis regimes: Offer protection of a more individualised character to special kinds of subject matter
- Government Departments:
  - Attorney-General's Dept – copyright,
  - DFAT - deals with full branch of IP rights,
  - Dept Communications (DCITA) – deals w copyright ,
  - AFFA – Agriculture, Fisheries and Forests Australia – agricultural issues,
  - PM&C - Prime Minister and Cabinet – coordinating body
  - AGS - provides legal advice on nearly all aspects of IP rights
  - IP Australia – deals with the regulation and registration of patents and trademarks.
- Treaties
  - World Intellectual Property Organization Copyright Treaty & Performances and Phonogram Treaty
  - World Trade Organization – Membership is crucial. Australia is and most other states are
  - TRIPS (Trade Related aspects of Property Rights) – covered by the WTO, covers patents, trademarks, copyrights, GI's etc. Tied to a firm enforcement mechanism.
  - AUSUSFTA - Free Trade Agreements are TRIPS plus – basically in a bilateral sense, increase the IP obligations. After signing up to FTA w US in 2004, huge domestic amendments to support new standards.
  - Berne Convention (on literary and artistic works)
  - The Paris Convention for the Protection of Industrial Property 1883 (last revised 1967)
  - The Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations 1961
  - The Washington Treaty on the Protection of IP in Respect of Integrated Circuits 1989

## IP THEORIES

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- (I) **NATURAL RIGHTS THEORY** = you have the moral right to what you produce through your creative labour. Product of creative labour is an extension of personality and thus you have a legal right to it. Applies well to artistic works but theory is simple.
- (II) **LOCKE'S LABOUR THEORY** = All of nature is own in common. By mixing your labour with the commons you produce something to which you are entitled to own. Underlying theory is idea of ownership – you put the effort in so you have a right to it. Overused
- (III) **INCENTIVE THEORY** = unless we give monopoly rights to creators, no incentive to create and society loses out. Problematic b/c humans created long before copyright existed. Cf reality that people want protection and compensation v unauthorised copying.

- (IV) **TRAGEDY OF THE COMMONS** = Where everything is owned in common, nobody has any incentive to take care of the commons. The theoretical counterpoint to this is the tragedy of the anti-commons where ownership is fragmented and widespread. Here, the exclusionary function of a property system works against socially beneficial uses b/c diff to get permission to do useful things. State must respect the owner's efforts and ability to enforce the right.
- Social and public beneficial uses will not take place because something that will need to be used in common is privately owned by different individual stakeholders in a very fragmented way, they have different agendas, it is costly to negotiate with them, costly to deal with them and therefore, the resource gets underused.
  - Fisher also argues in *Theories of Intellectual Property*;
    - Private property rights are crucial to the satisfaction of some fundamental human needs; policymakers should thus strive to create and allocate entitlements to resources in the fashion that best enables people to fulfill those needs
    - IP rights can and should be shaped so as to help foster the achievement of a just and attractive culture

## POLICY ISSUES

- Explosion of IP rights because of successful lobbying efforts but as a consequence, international trade revolution has made copying easier, thus prompting IP owners to ask governments for greater domestic and international rights which largely, they have got due to many treaty rights and stronger domestic laws. We have seen an explosion in IP rights through the successful lobbying of governments.
- Professor Lawrence Lessig: "Creativity and innovation always build on the past. The past always tries to control the creativity that builds on it. Free societies enable the future by limiting the past. Ours is less and less a free society." (paraphrasing Dilan in lecture): Established economic interests are built on certain business models that are challenged by users and commercial competitors who take the persons idea/creation and build on it. Occurs because business models are challenged and built upon by past failures.
- Western IP systems impact hugely upon IP rights of third world countries,
  - i.e., HIV/AIDS drugs which are patent protected. Hard to give generics out because of international treaty framework. Huge policy issue.
  - Monsanto seed debate – third world agriculture falls behind in commercialization and patented seeds disturb 3<sup>rd</sup> world food communities, becoming a security issue. Can't replant a patented seed or else you infringe patent. **Information Feudalism – Peter Drahos (ANU Prof) and John Braithwaite: *The post-TRIPS intellectual property order is producing staggeringly inefficient consequences for Africa. We have seen that because most of its people cannot afford patented drugs, almost none of the meagre purchases its people do make for patented drugs is ploughed back into research to solve the health problems that matter to them. Mostly they can't afford to buy drugs, but when they do their purchases subsidize research on rich peoples' diseases. They could import generic AIDS drugs from India, but when they do the global intellectual property regime punishes them through well-funded litigation by drug companies...*** So TRIPS and USTR get shitty if you use generic drugs.
- **Lessig's book – Remix:** The remix culture is how people react and interact with popular culture but copyright law reduces that interaction as creative class (Hollywood) sets the rules and agenda but consuming class must be passive and watch. Lessig argues that our generation should not be penalized for failing to see copyright in black and white terms. Further, remixing is being used by copyright owners to advertise etc (i.e., 'Yes we Can Obama Remix) but the unofficial remix culture is legally not ok – not fair and shows power imbalance
- **Massive Online Open Courses** = Originally enabled uni's to make huge money from enrolments but copies of educational materials are copyrighted and therefore cant be legally done without copyright owners consent, which is unlikely as they want \$\$.

# CONFIDENTIAL INFORMATION

## INTRODUCTION

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- CI protects secret information by protecting the relationship in which the information was disclosed
- Deals with 'trade secrets, industrial espionage and treachery, with the covert, the clandestine and the concealed'
- It is information/fact/idea that may not be enough to attract patent, copyright etc but is still information that is so important that you want it kept secret from competitors.
- Why protect it?
  - Lockean view → if you work hard, then you should have it protected
  - Maintaining commercial ethics → s 18 *Aust Consumer Law* – want business to thrive but want them to obey certain ethics – confidential information comes from equity.
  - Personal autonomy view → You have the right to choose how your life is managed – if disclosed, can harm personal autonomy (i.e., *Douglas v Hello!*, *Naomi*).
- Confidential information protected through breach of confidence and is thus, equitable cause of action.
- Not a proprietary right but an equitable right – ***Saltman*** per Lord Greene and ***Cth v Fairfax*** per Mason J
  - It is an equitable obligation where the circumstances require that equity impose an obligation on the person who receives the information – ***Boardman v Phipps***
- Does not need immediate proximity between you and the person to whom it relates
- UK jurisprudence is well accepted in Australian law although it has been slightly tweaked in ***Cth v Fairfax***

## CONFIDENTIAL INFORMATION & BREACH

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### ***Was X aware the information was confidential?***

Once a person knows that the information is confidential, his conscience is affected and he is unable to divulge it – [***Cth v John Fairfax***]. Here, it is clear / not clear that X knew the information was confidential as [fact discussion]. It is irrelevant that the circumstances of confidentiality were imposed directly or indirectly, the obligation attaches regardless [***Saltman***]

- The obligation may be enforced by the party who disclosed the information, the one whom it concerns or another party who has the benefit of the obligation – ***Douglas v Hello!***
  - Benefit = where they have legitimately acquired the benefit of the obligation. Benefit of obligation can be transferred.

### ***Has Y[defendant] been in breach?***

***Coco v Clark*** (*Gummow modified in Smith Kline*)

- have the necessary quality of confidence
- have been imparted in circumstances imposing an obligation of confidence
- be a real or potential unauthorised use of the information to the detriment of X[plaintiff]

Will be fact / circumstance dependent

- May be explicitly labeled or circumstances show that information is confidential.
  - Take common sense approach

**TEST:** To attract an equitable action for confidential information, the information to attract the protection must be accurately and precisely identified, the information must have the 'necessary quality of confidence', must have been disclosed in circumstances importing an obligation of confidence and must be unauthorised use of the information to the detriment of X[plaintiff] – **Smith Kline** per Gummow J.

### **1. Was the information of a confidential nature?**

Here, the information is / is not public knowledge as evidenced by \_\_[discuss facts]\_\_ **Coco v Clark**

- Cannot be wholly public knowledge – public domain concept → if it is common knowledge, can't be confidential
- Something confidential can be put together out of different elements of public knowledge but the particular formation of them can be confidential.
- The information can be simple and are capable of being protected

### **2. Was the information communicated in circumstances that imparted an obligation of confidence?**

On the facts, a [contractual term applies / circumstances exist] that make it obvious that confidentiality exists from the perspective of a reasonable person in the shoes of the recipient **Coco v Clark**

- However, remember that an equitable obligation can be supplemented or superseded by contract – **Saltman; Coco**
  - The Doctrine of Restraint of Trade puts limits on parties ability to contract between the scope of protection that the equitable doctrine would allow – **Magbury v Hafele**
- Here, Y[defendant] has used general skill and knowledge in his/her trade and as such, public policy suggests this is not information imparted in confidence. Circumstance dependent.
  - *Policy:* However, courts are reluctant to impose restraints on bona fide attempts to pruse trade or free movement of trade. However, if bad faith exists, courts will find in favour of confidentiality.
- Here, as an employment relationship exists, it might point toward circumstances that impart an obligation of confidence due to the fiduciary obligations owed to an employer.
- Here, the confidential information was disclosed in [public place/coffee shop] by X[plaintiff] making it highly vulnerable to being overheard and as such, may point against the argument of it being imparted in circumstances of confidence
  - He who comes to equity must come with clean hands.
- Where the information is commercial and offered on a business-like basis with a common purpose in mind, heavy burden to show no obligation of confidence. Unless contractual obligations exist, the receiving party is under obligation to keep the information confidential.

→ look to see if something goes against conscience of equity.

### **3. Was the unauthorised use at the detriment of X[plaintiff]?**

The facts suggest that D has used the information to [harm competition/ruin reputation etc] and is arguably to X's detriment - **Coco v Clark**

- Not required that the damage has been suffered, can be likely to happen

- Courts construe 'detriment' liberally
- Detriment need not be financial, can be stress, embarrassment but must be more than trivial.

Springboard doctrine → doctrine difficult to apply

- Information imparted or obtained in confidence cannot be used as a 'springboard' for activities detrimental to the plaintiff even if all the pieces of information come to be in the public domain – *Terrapin*
- Recipient should not be able to use the information to get a head start on other competitors – *Terrapin*
- Recipient has to take special care so as to rely on that which is public & may have to wait until they can use info

Confidentiality obligations can exist in:

- Employer-employee relations – *Robb v Green*
- Marital relations – *Argyll v Argyll* (Duke and Duchess disclosing nasty things about one another, Court held in marriage, obligation in the marriage contract that you don't disclose such information)
- Contracting parties – *Coco v AN Clark*
- Celebrity cases – *Douglas v Hello!*
- Third parties – *Attorney-General v Guardian Newspapers Ltd (No 2)*

The TRIPS Agreement in art (39) requires states to accord protection against unauthorised use of 'undisclosed information' in a manner 'contrary to honest commercial practices', and defines 'undisclosed information' for this purpose as information that:

- (a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons with the circles that normally deal with the kind of information in question
- (b) has commercial value because it is secret; and
- (c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret

## DEFENCES

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1. Disclosure/public knowledge → where the information is in the public domain, unlikely to be confidential information
  - a. **Reverse engineering** does not constitute a breach of equitable obligation of confidence but the legal reason for this isn't clear.
2. Former employee legitimately using skills in the course of ordinary trade.
3. Public interest defence → the public interest can be outweighed by some other public interest which favours disclosure. So you must weigh the public interest v maintaining confidence against a countervailing public interest.

## REMEDIES

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Here, the confidential information is at a risk of being disclosed and as such, X would want an ***injunction*** restraining the information from becoming public.

Here, Y[defendant] has breached his confidential obligations by releasing the information into the wider public and as such, X[plaintiff] should apply for ***damages***.

Here, the confidential information was used and enabled D to make a profit. As such, X could seek **an account of profits** – ***Optus v Telstra***

In exceptional cases, a **constructive trust** may be awarded where it involves a proprietary advantage.

## CASES

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### Establishing the doctrine

#### ***Argyll v Argyll***

**Facts:** Duke and Duchess during divorce disclosed nasty information about one another.

**Held:** In a marriage, obligation exists in marriage contract that you cannot disclose confidential information.

### Test cases

#### ***AG v Guardian Newspapers -General v Guardian Newspapers Ltd (No 2)***

**Facts:** Publication of (what were claimed to be) government secrets arising out of the publication of extracts from a book about the British Secret Service.

**Held:** Lord Goff: *“a duty of confidence arises when confidential information comes to the knowledge of a person (the confidant) in circumstances where he has notice, or is held to have agreed, that the information is confidential, with the effect that it would be just in all the circumstances that he should be precluded from disclosing the information to others.”*

→ imposes obligation on third parties.

#### ***Saltman Engineering Co Ltd v Campbell Engineering Co Ltd [1963] 3 All ER 413n***

**Facts:** plaintiffs alleged there was copyright in certain drawings of tools for the manufacture of leather punches and the defendants who were meant to as per contract manufacture said tools, converted them to their own use, wrongfully detaining and manufacturing for themselves leather punches

**Held:** Court found that obtaining the necessary information to manufacture the pouches from the original drawings or from the tools made in accordance with them was a breach of confidence. “If a defendant is proved to have used confidential information, directly or indirectly obtained from a plaintiff, without the consent, express or implied of the plaintiff, he will be guilty of an infringement of the plaintiff’s rights”...it is made confidential by someone using his/her brain and producing a result which can only be produced by somebody who goes through the same process”.



**AG Australian Holdings Limited v Burton [2002] NSWSC 170**

**Facts:** Involved a shareholder class action against GIO and others based on a number of causes of action. Burton was an ex-employee of GIO and he had entered into express confidentiality undertakings during the course of his employment.

**Issue:** In making witness statements to Maurice Blackburn (plaintiff law firm), did he breach his confidentiality undertaking?

**Held per Campbell J:** Law says an obligation of confidentiality arises when:

1. There is an express provision in a contract
2. When there is an implied term
3. Obligation recognized in the exclusive jurisdiction of equity

You must pick which type of obligation has been breached. In this case, it was an express provision of the contract.

**Employee**

**Ansell Rubber**

**Facts:** defendants ex-employees with information of how machinery to make gloves was constructed. The plaintiff had not made the machinery public, or disclosed the machines to anyone. The company imposed a rule preventing unauthorised people from entering the factory, and employees told to keep the process secret. The employees still went ahead and did something that they knew would hurt their employer.

**Held:** The Court held that there was a breach of confidence and gave an account of profits, and an injunction against future use. The fact that a positive step was taken to protect the secret was crucial.

**Del Casale**

**Facts:** During their employment w plaintiff, D's became familiar with customers and suppliers. Later set up a business importing the same product. Alleged that their knowledge of the supplier of modica stone was confidential information.

**Held:** Information which could be ascertained by enquiry was indistinguishable from basic know-how. So who the supplier is, who is willing to sell the product, is something you would discover if you made some basic inquiries.

**Faccenda Chicken v Fowler**

**Facts:** A sales manager in a company learned of the customer lists and pricing policy of his employer. He resigned and set up a rival company. P sought injunction.

**Held:** The Court held that information acquired by employees can be put into three categories.

1. Public or Trivial Information
2. "Confidential Information" which cannot be used during employment, but can be used afterwards provided it was not memorised or surreptitiously removed.
3. Trade secrets which cannot be used after employment.

In this case, he didn't breach confidence. He was trying to cheat employer or do anything dishonest. No bad faith. He was just trying to use the knowledge he had to work a business.

**Competitors/Contractors**

**Talbot v General Television Corporation Pty Ltd [1980] VR 224**

**Facts:** the plaintiff was an independent film producer who devised a format for a proposed TV series about millionaires. Defendant stayed silent after numerous meetings and discussions. Plaintiff then saw commercial