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Intellectual Property

Trademark Use and Foreign Websites

In the case of International Hair Cosmetics Group Pty. Ltd. v. International Hair Cosmetics Limited, the Federal Court decided that the use of an Australian registered trademark on gTLD website (ie. a .com website) which was operated by a business based in the UK, constituted “use” of a trademark in Australia. The court relied on various statements made by Justice Merkel in an earlier case regarding “use” – “The use of a trade mark on the internet, uploaded on a website outside of Australia, without more, is not use by a website proprietor of the mark in each jurisdiction where the mark is downloaded. However, ... if there is evidence that the use was specifically intended to be made in, or directed or targeted at, a particular jurisdiction then there is likely to be a use in that jurisdiction when the mark is downloaded. Of course once the website intends to make

and makes a specific use of the mark in relation to a particular person or persons in a jurisdiction there will be little difficulty in concluding that the website proprietor used the mark in that jurisdiction when the mark is downloaded.” In this Hair Cosmetics case, the website used various tabs and links, sufficient to show that it was targeting the Australian market to a certain extent. This decision is consistent with decisions on similar issues coming out the US, European and Chinese courts – often these cases turn on the issue, the target audience for the website involves, as gleaned from the structure of the website, online promotional campaigns and links used on the site.

New National Business Names Regime Commences

As referred to in our October update, the much anticipated Business Names Registration Act (Cth) will kick off in 2012 – this law will enable business owners to simply register their business name once, with the national business names registry (operated by ASIC, which is responsible for company registration as well), as opposed to having to register their name with each state's office of fair trading.

Business owners are already seeing the new law as leading to significant cost savings, as many have more than one business name in use. Some concerns have arisen though - what if a business name registered in Queensland conflicts with a business name registered in Tasmania? We expect that ASIC may well resolve such disputes, by requiring some businesses to add geographical identifiers to their names, or work with the parties to resolve slight name changes – key to any disputes that arise, will be whether a party owns an Australian registered trademark for the relevant business name, as under Australian law, registered trademarks take precedence over business names in the event of ownership disputes arising.

Patent Validity and “Fair Basis”

In a recent Full Federal Court decision, it was decided that one of Wyeth's patents for its Efexor XR drug was invalid, as its claims were not “fairly based” on its priority document and were not “novel” as at the relevant priority date. Wyeth's Australian patent had been filed in 2003, claiming priority based on a 1996 US patent (amended in 2006) – in 2009, Wyeth had successfully obtained an interlocutory injunction based on this Australian patent, to stop an entity (Sigma Pharmaceuticals (Australia) Pty. Ltd.) from importing a competing drug. Sigma successfully appealed this decision, essentially on the grounds that the claims in the patent went beyond the priority document (ie. the US patent). Some commentators feel that this decision heralds a slightly narrower approach in considering whether claims in a patent are “fairly based” on a priority document. It is understood that

Wyeth/Pfizer has sought leave to appeal this decision to the High Court. The potential significance for the validity of patents across many different fields and based on priority documents, could well be called into question, of the decision of the Full Court is allowed to stand.

Employment

Fair Dismissal for Abuse of Privileges

Virgin Australia has been found to have legally terminated an employee for abuse of the employee's privileges. In the case of *Delgado v Virgin Australia*, Virgin submitted that it had terminated an employee once it was discovered that she was charging friends a \$50 booking fee despite those friends flying free under the “friends and family free flight benefit scheme”. Fair Work Australia decided that the termination of the employee was legal, since the employee had lied about the \$50 fee, upon being accused of this behavior by management and that dishonesty was grounds for termination whether or not a policy expressly referred to dishonesty as being grounds for termination. FWA implied that if the employee had owned-up to this behavior, rather than denying it, Virgin may not have been able to validly terminate her employment, in the absence of other factors and evidence. The key to this case, was the blatant dishonesty shown by the employee.

Safe Work Australia Issues New Code on Bullying

Safe Work Australia has issued its “Draft Code of Practice Preventing and Responding to Workplace Bullying”, which is intended to form part of the new national workplace, health and safety regime, destined for commencement in January 2012. The draft code requires employers to work with employees and their safety representatives to develop relevant workplace bullying policies

and dispute resolution procedures. Employers and union representatives are urged to download the draft and commence putting in place programs to show compliance with this draft code, once it comes into operation.

Product Liability

Mandatory Warranty Notice Requirements Commence Operation

Regulation 90 of the Competition and Consumer Regulations 2010 (Cth) commences operation on 1 January 2012. Regulation 90 has made some significant changes to product warranty and liability obligations of manufacturers and retailers of products in Australia, and all are urged to become intimately familiar with the new obligations – for example, it requires all retailers and manufacturers to ensure that product warranty

documentation provided with products (such as warranty cards, terms and conditions of sale, etc) includes the statement “Our goods come with guarantees that cannot be excluded under the Australian Consumer Law. You are entitled to a replacement or refund for a major failure and for compensation for any other reasonably foreseeable loss or damage. You are also entitled to have the goods repaired or replaced if the goods fail to be of acceptable quality and the failure does not amount to a major failure.” Some transitional provisions have been announced by the ACCC to support manufacturers and retailers, but are limited in scope – details can be provided upon request.

This newsletter is intended to provide clients with a summary of major or interesting Australian legal developments. All readers of this newsletter should seek formal legal advice prior to relying on any statements or opinions in this newsletter.