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Legal Newsbytes

Issue 2/2001

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JUNE 2001

Welcome to the second issue of Legal Newsbytes, an initiative of the IT/IP Practice Group of Jackson McDonald.

The newsletter has taken on some graphic design input and we hope that readers will find it more pleasing to the eye.

First Napster, now Aimster

On Thursday 24 May 2001, AOL Time Warner Inc issued copyright infringement proceedings against file-sharing service Aimster in the US Federal Court in Manhattan.

The divisions of AOL Time Warner complaining of infringement include Warner Music, Atlantic Records and New Line Cinema.

Similar proceedings were issued at the same time by a number of major recording companies including labels such as Universal Music, Sony Music and EMI Group PLC.

Aimster is a program which "piggy backs" on an instant messaging service run by AOL, the world's leading internet services company.

The corporations in the music and entertainment business have clearly been buoyed by the success in obtaining injunctions in March against Napster and are now more prepared to resort to the courts in addressing the issue of copyright protection of content.

Whereas Napster allowed users to swap files of songs for free, Aimster not only does the same but reportedly allows users to swap movies, software and pictures.

Source: Reuters 29 May 2001

Trade Mark application waiting time increased

Over 7,000 Trade Mark applications were filed in IP Australia in March.

Accordingly, the waiting time for examination of applications has increased from 9 months in

2000 to about 15 months for applications lodged in May 2001.

Source: IP Australia

Brisbane loses right to domain name

Joyce Russ Advertising has successfully defended proceedings by the Brisbane City Council in a hearing before the World Intellectual Property organization ("WIPO") on 29 May 2001.

The respondent Joyce Russ Advertising had registered the internet domain names Brisbane.com, Perth.com, Adelaide.com and Melbourne.com in 1998.

The WIPO panel found in favour of Joyce Russ Australia principally on the grounds that it did in fact have business plans to develop the site as an electronic marketplace and also that there were no rights to the name "Brisbane".

It would appear that the WIPO panel accepted the evidence of the respondent that it did not register the addresses in the hope of making a profit by selling them later. It can be inferred from this that the panel found that there was no evidence of bad faith and came to the conclusion that no "cybersquatting" had been engaged in by the respondent.

The website is described as a "virtual city" by the respondent, although people logging to the site will find only a title page and a message to the effect that the site is being developed.

One interesting aspect of the case is that Australian lawyers appeared for the parties before the WIPO panel, thereby emphasising the increasing influence of WIPO as a forum of dispute resolution super jurisdictionally.

Source: <http://theadvertiser.com.au>

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Business processes patentable under Australian Law

On 17 May 2001, the Federal Court held in effect that business processes were patentable, thereby following the trend in US law.

Until this decision, it had not been settled that business processes were patentable under Australian law. It is now clear that they are, provided the process exists in some technical environment.

Justice Heerey found that the respondent's business process infringed Australian Patent No. 712925 owned by the applicant.

Justice Heerey considered that the invention, the subject of the patent, was a manner of manufacture and not generally inconvenient. In arriving at his decision, Justice Heerey considered the leading US decision of "*State Street Bank & Trust Co v Signature Financial Group 149F 3d1368 (1998)*" and found it to be persuasive despite the differences between the patent laws of the US and Australia.

His Honour noted that the applicant's patent was "not a business method, in the sense of a particular method or scheme for carrying on the business – for example a manufacturer appointing wholesalers to deal with particular categories of retailers rather than all retailers in particular geographical areas" but it was instead more like "a method and a device, involving components such as smart cards and POS terminals, in a business; and not just one business but an infinite range of retail businesses".

The patented method implemented merchants loyalty programs using smart cards which would store details of such programs, which would be updated at point of sale terminals. This was found to produce an artificial state of affairs in that the issue of such cards made available to customers many different loyalty programs, whether from the same or from different merchants and all instantaneously at every participating retail outlet. Heerey J considered this result to be beneficial in the economic endeavour of retail trading because it enabled merchants to use such programs to compete for business more effectively.

The respondent attempted to argue that the patent was inconvenient because it placed a restraint on traders in developing and operating loyalty programs, arguing that such programs were "a commonplace way of doing

business... in both the real and on-line worlds".

This argument was rejected by His Honour on the basis that the entire purpose of patent law was the granting of a monopoly in the relevant field.

Source: Welcome Real-Time SA v Catuity Inc [2001] FCA445 (17 May 2001)

Malaysia considers Internet regulation

Malaysia is considering implementing a "Code of Content" to make website operators accountable for what they publish. Such a code would be aimed at curbing the posting of false information and pornographic material.

The energy, communications and multimedia ministry stated on 30 May 2001 that the laws of the USA, the United Kingdom, Australia, China and Singapore would be studied for this purpose.

The proposed code would not be in the form of a new law and would cover the uploading of information on internet services in Malaysia and at this stage, would be voluntary for all parties in the industry.

Source: Reuters 30 May 2001