

# **Intellectual Property –Living in the Twilight Zone**

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**Licensing Executives Society of Australia and New Zealand**

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I was surprised and delighted to be invited to speak to you tonight. I was surprised, because the last time I spoke to a dinner meeting of intellectual property practitioners, which was in 2006, my speech focussed upon the confrontingly tedious aspects of the terminology used in intellectual property law and the challenges facing its practitioners to make themselves socially interesting. I was delighted, because this invitation enables me to make a speech which, if I were a different person from the person who gave the previous speech, could be regarded in parts as a substantial reproduction of it or at least misleadingly similar.

A fundamental lack of interest in the whole area of intellectual property was demonstrated by the Founding Fathers of Australia, the drafters of our national Constitution. Section 51(xviii) of that Constitution provides that the Parliament of the Commonwealth can make laws for the peace, order and good government of the Commonwealth with respect to:

"copyrights, patents of inventions **and** designs, and trade marks."

When it started its life in the draft Constitution considered by the Sydney Convention in 1891 the head of power read:

"Copyrights **and** Patents of Inventions, Designs and Trade Marks."

This text was not discussed. It remained unchanged in the draft submitted to the Adelaide Convention in 1897. It was not discussed but was agreed to. The same lack of debate occurred in the Sydney Convention in 1897. However, at the 1898 Convention in Melbourne there was real excitement when the word "and" appearing in front of the word "patents" was relocated to where it now appears in front of the word "designs". Some would regard it as symbolic and prophetic of the whole field that a minuscule piece of parsing should be the only event to punctuate the progress of s 51(xviii) through a politically charged drafting process into the birthing document of a new nation. As the High Court said rather politely in the Grain Pool case in 2000<sup>1</sup>:

"Little controversy appears to have attended the drafting of s 51(xviii)."

Interestingly, there was never any controversy that intellectual property rights should be the subject of Commonwealth legislative power even though the colonies had their own intellectual property statutes borrowed from the United Kingdom. As far back as 1885 when the British Parliament passed the *Federal Council of Australasia Act* 1885 (UK) and created the Federal Council which was the inspiration of Henry Parkes, the Council was authorised to make laws on matters including patents of invention and discovery and copyright referred to it by the legislatures of any two or more colonies. The Council foundered for lack of interest and its Act was repealed by s 7 of the *Commonwealth of Australia Constitution Act*.

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<sup>1</sup> *Grain Pool of Western Australia v Commonwealth* (2000) 202 CLR 479 at 492 [15].

No doubt in an endeavour to make themselves socially interesting and to test the boundaries of constitutional power. intellectual property practitioners over the decades have spread their wings into every new field of technological and creative endeavour that has emerged within our society.

In that endeavour they have had some assistance from the High Court which has interpreted the technologically arid terminology of s 51(xviii) to encompass new developments. It laid the ground work for an expansive interpretation of the power in the Circuit Layouts case – *Nintendo Co Ltd v Centronics Systems Pty Ltd* when it said, of s 51(xviii)<sup>2</sup>:

"It is of the essence of that grant of legislative power that it authorizes the making of laws which create, confer, and provide for the enforcement of, intellectual property rights in original compositions, inventions, designs, trade marks and other products of intellectual effort."

Then in the Grain Pool case, the High Court was able to bring plant breeders' rights within the scope of the patents power<sup>3</sup>. This was a thing undreamt of in the original intent of the Founding Fathers.

As Geraldine Chin wrote in 2000 in an interesting article in the Melbourne University Law Review<sup>4</sup> :

"... it is likely that the founders gave very little thought to the precise wording of s 51(xviii) and whether it would accommodate new IP categories."

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<sup>2</sup> (1994) 181 CLR 134 at 160.

<sup>3</sup> (2000) 202 CLR 479.

<sup>4</sup> Chin, "Technological Change and the Australian Constitution", (2000) 24 *Melbourne University Law Review* 609.

She suggested, no doubt correctly, that the framers of the Constitution were not able to foresee any significant future developments which would challenge traditional categories of intellectual property.

Of course it is easy to be smug in hindsight. Predicting future technological developments is a notoriously high risk exercise. The Constitution was drafted in an era dominated by steam when electrical power was a new technology. Newtonian physics and Euclidian geometry ruled. Quantum theory, information technology and biotechnology were not known to the English language. Terms such as "circuit layout", "computer software", "gene sequencing" and "genetic modification" applied to plants and animals, occupied a world yet to come.

Despite these adventurous extensions of intellectual property law most of the words it uses remain boring. We have not moved on much from the excitement generated by the word 'and' in s 51(xviii). Terms such as "inventive step", which sounds like a dance created by a nerd, and collocations such as "novel, useful, clear, succinct and fairly based", are not terms to stand your hairs on end. And yet they are the repositories of huge amounts of intellectual energy. Things have not improved since I spoke in 2006. Sitting on the Full Court of the Federal Court in a case about contributory infringement<sup>5</sup>, which came out of the Northern Territory in 2007, I found myself writing at length about the words "staple commercial product" in s 117 of the *Patents Act*. These are words which have an unbelievably long and tedious history invented by judges in the United States in the 19<sup>th</sup> century translated into US statute law and transported to the United Kingdom, Europe, Australia and Japan.

A "staple commercial product", for those who really want to know, and there may be a few such persons here, is something which you can supply to another person

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<sup>5</sup> *Collins v Northern Territory* (2007) 16 FCR 549.

without responsibility if that person uses it to infringe a patent. That is about as interesting as it gets. I found myself, in my dissenting judgment in that case which happily was subsequently upheld in the High Court, writing the following engaging prose passage<sup>6</sup>:

"The staple commercial product excluded from the scope of s 117(2)(b) ... will be a product of the kind commonly available in trade or commerce and having more than one reasonable use. That construction leaves open the question of the definition, for the purposes of characterisation, of the product class to which the impugned product belongs. To take the case of 3 cm nails as an example. The question might arise, in connection with the supply of such nails, whether they would constitute a staple commercial product as part of the class of nails or as part of the class of 3 cm nails. If 3 cm nails were not much in demand and were hard to come by there might be an argument that they were not staple commercial products. Nails generally however would constitute a staple commercial product."

I should point out that the case was actually about the use of the sap of a certain kind of pine tree to make an aromatic oil by a process which was protected by a patent.

In partial mitigation of my prose, I must say there is something about the way that patent attorneys and intellectual property practitioners write that can infect judgments. We all know that the people who write patents try to make their life interesting by murdering the English language. Their weapon of choice is the invented word. Not being inherently inventive themselves, they like to demonstrate a kind of fake inventiveness. The preferred embodiment is clothed in adverbial suffixes such as "-ly". I remember from a very early stage in my legal practice being appalled by such terms as "rotatably connected". And later "pharmaceutically appropriate".

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<sup>6</sup> (2007) 161 FCR 549 at 574 [70].

The millennium bug case in which I wrote a judgment concerning a shape trademark for a lolly is an example of the IP speak infection taking hold. I described the lolly thus<sup>7</sup>:

"[A confectionary] of fruit flavoured gelatinous composition. It comprises a central body which resembles a section of a sphere with a curved upper surface and a flat lower surface. There are two oval 'eyes' on the body and three short stylised 'legs' on either side of the body symmetrically disposed about the eyes."

And in coming to the conclusion that the trade mark was valid, I wrote<sup>8</sup>:

"The shape of the millennium bug involves a symmetrical disposition of projections (legs) and recesses (eyes). Theoretically it may be the case that the number of possible symmetrical arrangements of projections and recesses is not infinite. Assuming that to be so, it is speculative, absent evidence, to draw conclusions about that number and whether the particular arrangement has any significant impact upon the access of other traders to the use of insect like shapes as trade marks."

Behind this unpromising prose lay a thicket of careful logic, fine distinctions and notions of inherent quality.

For a long time of course, the IP practitioners have been gathering friends. Mainly they are imaginary, taking the form of skilled workers who lack imagination and are comfortable only with the obvious. Their circle of friends narrowed considerably once they got into high technology areas. They had to be boring, unimaginative imaginary friends with PhDs.

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<sup>7</sup> *Kenman Kandy Australia Pty Ltd v Registrar of Trade Marks* (2002) 122 FCR 494 at 496 [3].

<sup>8</sup> (2002) 122 FCR 494 at 511 [50].

When the Full Federal Court<sup>9</sup>, on which I sat in August 2005, considered the validity of the Viagra patent there was no dallying with an exploration into the ecstasy and mystery of human love. Instead we were taken on a quest, with a host of imaginary but unimaginative PhD graduates, looking for a "workable erection". What counsel were keen to show us was that their imaginary friends, having read about strips of penile tissue relaxing in an organ bath of sildenafil, knew how to make Viagra without even thinking about it. Lord Justice Jacob of the Court of appeal in England, a leading patent judge, later told me that we were wrong to find that Viagra was not obvious because courts in England and China had found that the boring unimaginative people would have been able to think of it.

The incursions by intellectual property lawyers into new fields of human endeavour have not gone unnoticed and there is another tribe of socially challenged people known as economists who think that they have trespassed into their territory. A shot across the bows appears in the submission made to the Review of the National Innovation System in April last year when it was said:

"The discussion of patent policy is dominated by lawyers, notwithstanding its clearly economic policy goals. Patent law has developed from a simple social contract – more innovation in exchange for temporary monopolies – into a complex and arcane set of rules, described in language closely related to that used in the 1624 Statute of Monopolies. The rule-complexity and arcane language have been used effectively to limit discussion of patent policy, not just to lawyers, but to members of the patent community (patent attorneys, patent office staff and major users of the patent system, often represented by their in-house patent attorneys)."

That is to say everybody here.

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<sup>9</sup> *Pfizer Overseas Pharmaceuticals v Eli Lilly & Co* (2005) 225 ALR 48.

I do not wish to overstate the threats posed by economists and the possible takeover of intellectual property policy by departments such as finance and treasury. However, I would suggest that in the endeavour to become socially interesting, intellectual property lawyers need to seek conceptual clarity about their objectives. Are they human rights lawyers or are they economic utilitarians? Are they protecting the product of human creativity or advancing economically useful incentives?

These are things that bear thinking about. It may be that in the end an interdisciplinary approach, a marriage of perspectives is preferable to two armies clashing in a policy twilight zone.

Ladies and gentlemen, despite my aspersions upon the practice of intellectual property law and its practitioners, of which I have been one, it is, as I said in that speech of 2006, an area of practice that gives us the opportunity to meet and engage with some of the most interesting people in the country. If we lift our horizons it also gives us the opportunity to think about some of the most interesting and important policy questions affecting the future of the Australian economy and its interaction with the global economy. I am delighted to see that the topics which you have chosen for this conference indicate that you are well alive to these questions. I thank you for the opportunity, between main course and dessert, to discuss these important issues with you.