

Locutus

The newsletter of intellectual property law, statutory deceptive conduct and franchising law.

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Welcome to Locutus

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Locutus is a newsletter of current news, recent cases, and practice decisions. It is authored by Carmen Champion Barrister-at-Law.

Recent Cases -

Copyright

Copyright Agency Limited v State of New South Wales [2007] FCAFC 80

<http://www.austlii.edu.au/au/cases/cth/FCAFC/2007/80.html>

The Federal Court had been requested by the Copyright Tribunal to determine certain questions of law concerning copyright in survey plans made by members of the Surveyors' Association that are artistic works within the meaning of the Copyright Act.

The Society had applied to the Tribunal for orders under s 183(5) and s 183A(2) of the Copyright Act in respect of dealings by the State of New South Wales with survey plans prepared by surveyors who are members of the Surveyors' Association.

The State argued that copyright in the relevant survey plans is vested in the State by the operation of s 176 or s 177 of the Copyright Act. Alternatively, the State argued that it is authorized to do the acts in the copyright that it does in relation to survey plans otherwise than pursuant to s 183. Accordingly, the State submitted ss 183(5) or 183A(2) have no operation in relation to any acts done by the State in relation to survey plans of the kind in question.

See [120] – [136] for a discussion of the manner in which section ss 176, 177, 183 and 183A of the Copyright Act operate.

Expert Evidence: Marketing Expert.

Cadbury Schweppes Pty Ltd (ACN 004 551 473) v Darrell Lea Chocolate Shops Pty Ltd (ACN 000 498 386) [2007] FCAFC 70

<http://www.austlii.edu.au/au/cases/cth/FCAFC/2007/70.html>

The principal question in the appeal was whether the primary judge erred in refusing, on 31 March 2006, in the course of the trial, to admit certain evidence that Cadbury sought to adduce from a number of marketing experts.

The primary judge had relied on the Full Court's decision in *Domain Names Australia Pty Ltd v .au Domain Administration Ltd* [2004] FCAFC 247 especially the comments made at [20] to the effect that opinion evidence sought to be adduced as to the likely characteristics of recipients might be met by the observation of the High Court, in *Transport Publishing Co Pty Ltd v The Literature Board of Review* (1956) 99 CLR 111 (The Transport Publishing Case), that ordinary human nature, that of people at large, is not a subject of proof by evidence, whether supposedly expert or not.

The primary judge had also referred to the observations made by the Full Court in the Domain Names Case (at [21]) that market research evidence has not been received with enthusiasm in the Federal Court in recent years in certain cases. His Honour had also referred to observations made by Branson J in *Cat Media Pty Ltd v Opti-Healthcare Pty Ltd* [2003] FCA 133 to the effect that evidence of opinions based on market research and expert appreciation of consumer behaviour will rarely be of assistance in litigation where the Court's primary concern is with the behaviour to be expected of, and the judgments likely to be made by, ordinary members of the community intent on making a relatively modest purchase in a conventional way: where a claim is essentially a matter for the Court's impression, expert views that are merely impressionistic can be given no more than nominal weight.

Held: that the approach adopted by the primary judge appeared to ignore the language of ss 79 and 80 of the Evidence Act, and that the former rule of the common law that excluded opinion evidence as to a matter of common knowledge no longer applies. So long as s 79 is satisfied, and the opinion evidence is based on specialized knowledge and that specialized knowledge is based on training, study or experience, that opinion evidence will be admissible, whether or not it might then be excluded in the exercise of the discretion conferred by s 135.

Patents

Airsense Technology Limited v Vision Systems Limited [2007] FCA 828

http://www.austlii.edu.au/au/cases/cth/federal_ct/2007/828.html

This proceeding is an appeal pursuant to s 60(4) of the *Patents Act 1990* against a decision of a delegate of the Commissioner of Patents given on 2 March 2005 under s

60(1) of that Act. On 22 March 2005, the applicant lodged the appeal which is the subject of this proceeding and on 2 May 2005 it sought the Commissioner's leave to amend pursuant to s 104 of the Act.

Normally, an amendment having been allowed under s 104 during the course of opposition proceedings under Ch 5 of the Act, those proceedings would resume by reference to the specification and claims as amended. However, in the present case the Commissioner took the view that, an appeal having been lodged against the delegate's decision of 2 March 2005, the whole matter of the applicant's entitlement to a patent is now before the court, (for the reason that the appeal is a hearing *de novo*: *Frederickshavn Vaerft A/S v Stena Rederi Aktiebolag* (2002) 124 FCR 243, [10]-[15]) and the delegate should take no further action under Ch 5 of the Act.

The applicant found itself in a position in which the terms of the claims by reference to which it has filed the present appeal differed from those which existed on the Commissioner's file, and yet in which the Commissioner herself has declined to proceed further in relation to the latter.

As a result the applicant moved by notice of motion for a direction that:

... the trial and determination of the appeal in this proceeding and all evidence in this appeal be directed to the patent application with the form of the specification as amended.

Held: the subject matter of the appeal is the same subject matter as was before the original decision maker: see *New England Biolabs Inc v F Hoffman-La Roche AG* (2004) 141 FCR 1. Motion was dismissed.

Confidential Information

Orica Investments Pty Ltd & 2 Ors v William McCartney & 3 Ors [2007] NSWSC 645

http://www.austlii.edu.au/au/cases/nsw/supreme_ct/2007/645.html

Issues: Construction of restraint against directly or indirectly carrying on business. Held that first defendant's providing working capital to and being a beneficial shareholder in second defendant did not contravene restraint but that enticing supplier away from second plaintiff to second defendant, proffering internal advice and assistance to second defendant, and dealings with third parties on behalf of the third defendant, contravened restraint. Obligation of confidentiality – Obligation breached by first defendant by disclosure of contact details of supplier to second defendant. Held: the identity of suppliers to Bronson & Jacobs was not itself confidential information. Considered that the contact details for individual suppliers, such as the names, email addresses and telephone numbers of the individuals employed by the suppliers responsible for deciding with whom to place orders or enter into distribution arrangements, was confidential information (*Weldon & Co Services Pty Ltd v Harbinson* [2000] NSWSC 272 at [68]-

[72]). No difference in principle between an employee making a list of the email addresses of customers or suppliers for the purpose of making use of such a list in a competitive business which the employee proposes to establish, and the employee forwarding the emails to his or her home computer so as to have access to those addresses.

Whether fiduciary duties to second plaintiff arose from terms of consultancy contract with third plaintiff and first defendant's possession of confidential information – Held that fiduciary relationship with second plaintiff not established.

Interference with contractual relations – Knowing and intentional interference – Held that second and third defendants liable for knowingly interfering with first defendant's contractual relations.

Bromhead v Graham [2007] NSWSC 609
http://www.austlii.edu.au/au/cases/nsw/supreme_ct/2007/609.html

Issues: breach of fiduciary duty of fidelity by employed solicitor canvassing clients of employer during employment. Breach of non-solicitation restraint of trade after termination of employment.

Australian Regional Wholesalers v Stafford [2007] NSWSC 572 (8 June 2007)
http://www.austlii.edu.au/au/cases/nsw/supreme_ct/2007/572.html

Issues: Whether any breach or threatened breach of a non-solicitation provision had occurred. Whether a non-competition provision to protect confidential information excessive when information too voluminous to be carried away in the head of an employee and no suggestion he took copies.

Implied Duty of Good faith

A client's intention to exercise its right of termination under a contract must now, at least in NSW, be considered in the context of whether the right is being exercised in good faith. This is of particular relevance to the purported termination of franchise agreements because of the nature of those agreements.

Mangrove Mountain Quarries Pty Ltd v Barlow
[2007] NSWSC 492; BC200703634

Windeyer J held:

- (a) it is now accepted as the law in NSW that even in commercial contracts there is an obligation on each party to act in good faith and reasonably towards the other contracting party both in performing obligations and exercising or enforcing rights: *Renard Constructions (ME) Pty Ltd v Minister for Public*

Works (1992) 26 NSWLR 234; Alcatel Australia Ltd v Scarcella (1998) 44 NSWLR 349; and Burger King Corporation.

- (b) Acting in good faith means that a party to a contract should not pretend to rely upon breaches of no importance to him or her to achieve a collateral but desired result of bringing the contractual relationship to an end.

The case concerned the purported termination of a licence agreement.

And finally...

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