INTRODUCTION
1.1 The nature of intellectual property

Intellectual property is now a term that is widely used within the legal profession and society at large. Despite this extensive use, a comprehensive definition of the term remains elusive, especially as some forms of ‘intellectual property’, such as ‘sweat of the brow’ copyright,1 are not intellectual and others, such as confidential information, are very arguably not property.2 On the other hand, most forms of intellectual property are clearly regarded as just that – forms of property that are recognised as flowing from the exercise of intellectual activity. For example, copyright, designs, patents, plant breeder’s rights, and registered trade marks are expressly stated by legislation to be property. In addition, various statutory requirements evidence the need for the exercise of intellectual activity to obtain that property status. For example, patent applications must demonstrate an inventive step before they acquire registration3 and literary, dramatic, musical and artistic works must be original in order to qualify for copyright protection.4

In the absence of a satisfactory exhaustive definition of intellectual property, probably the best that can be done is to rely on an inclusive list of categories of legal rights that are generally recognised as constituting intellectual property. Article 2(viii) of the Convention Establishing the World Intellectual Property Organization states:

‘intellectual property’ shall include the rights relating to:

- literary, artistic and scientific works,
- performances of performing artists, phonograms, and broadcasts,
- 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 resulting from intellectual activity in the industrial, scientific, literary or artistic fields.5

1.2 Theories of intellectual property

Even more elusive than a simple and satisfactory definition of intellectual property is a consensus about the underlying rationale or rationales for intellectual property. This book

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1 Desktop Marketing Systems Pty Ltd v Telstra Corp Ltd (2002) 119 FCR 491. Sweat of the brow is no longer protected by copyright in Australia: see IceTV Pty Ltd v Nine Network Australia Pty Ltd (2009) 259 CLR 458.
2 See Federal Commissioner of Taxation v United Aircraft Corp (1945) 68 CLR 525, 534; Breen v Williams (1996) 186 CLR 71, 81, 90, 111, 128; Australian Broadcasting Corporation v Lenah Game Meats Pty Ltd (2001) 208 CLR 199, 271. See also Smith Kline & French Laboratories (Australia) Ltd v Secretary, Department of Community Services and Health (1990) 22 FCR 75, 592–4. Compare Colbeam Palmer Ltd v Stock Afiliates Pty Ltd (1968) 122 CLR 25, 34.
3 Patents Act 1990 (Cth) s 18(1).
4 Copyright Act 1968 (Cth) ss 31, 32.
5 Opened for signature 28 September 1979, WIPO Lex No TRT/CONVENTION/001 (entered into force 1 June 1984).
does not attempt to resolve these issues but it is important to have some idea of the various justifications put forward for intellectual property. These will be discussed briefly below.

1.2.1 The ‘property’ in intellectual property

In order to understand any of those rationales it is first important to understand the unique nature of the ‘property’ aspect of intellectual property. Most property rights, such as those in chattels or real estate, are relatively easily justified in a capitalist society by the potential consequences of what is known as ‘the tragedy of the commons’. For example, if a piece of land is owned by no-one but available for use by everyone, the likely consequence will be that the land will be overused and deteriorate in value because the cost of using it is nil and there is no incentive for anyone to maintain or improve the land because they will not derive the benefit of their investment. Exclusive rights over the land solve this problem by conferring exclusive rights of enjoyment of the land on one party who then has the incentive to maintain and improve it in return for that exclusive enjoyment. The net result is that the land is maintained and improved with consequent benefits to everybody.

Intellectual property is different. It does not deteriorate through use; that is, IP rights are non-rivalrous and non-excludable. For example, if an intellectual property owner gives you the right to copy their book or make their invention, their freedom to copy their book or make their invention is still intact and they may continue to do so, unimpeded by the fact that you now also have that right. The position remains the same even if the right is given to another hundred, thousand or even a million people.

On the other hand, while intellectual property is different from other forms of property in this important sense, there remains the need to ensure that there is an incentive to create that property in the first place and then to distribute that property. It is argued that exclusive property rights are needed to provide the incentive to create expressive works and inventions and to invest in the development of the reputations associated with trade marks. The critical decisions for both legislators and courts relate to how they achieve a balance between the need for an incentive for investment in the creation and distribution of intellectual property and the need to ensure that the products of that investment are not locked up by individuals indefinitely. Consequently, there are considerable debates about issues such as the appropriate period of protection for patents and copyright and the appropriate exceptions to the rights of owners.

1.2.2 Natural or personality rights

In addition to the incentive argument, there is no doubt that the concept of natural rights has influenced the development of some aspects of intellectual property law. Hence, it is often...


\[\text{\footnotesize A term popularised by economist William Forster Lloyd in relation to overgrazing on common land: W. F. Lloyd, Two Lectures on the Checks to Population (1835).}\]

argued that copyright material such as literary and artistic works is the extension of the creator’s personality and, as such, should be respected and protected. This argument clearly influences copyright in Continental Europe. It is a basis for moral rights, such as the right of an author to be attributed as such and the right of integrity, that is, the right to prevent alterations to an author’s work that would adversely affect their honour or reputation. These rights have been recognised for many years in Europe but have only recently been recognised in common law countries that usually adopt an approach to copyright that is driven by economic considerations.9

1.2.3 Incentive to create and disseminate

Another frequently made argument is that intellectual property laws are necessary to encourage both the creativity involved in producing the subject matter of intellectual property and the dissemination of that subject matter. Hence, it is argued that there is no incentive to write a novel, produce an artistic work or make a film if it can be copied by anyone who chooses to do so. Similarly, even if the work may be created without the incentive of intellectual property rights, there is little incentive for a creator to undertake the further and possibly even more difficult task of disseminating the subject matter to the public at large. For example, where is the incentive to widely advertise a new invention and establish an expensive marketing regime for it if others can freely copy the invention and take a free ride on the marketing efforts of the original inventor?

A particular manifestation of the dissemination argument is that the process of registering patents requires the patent holder to reveal the best known method for the working of their invention.10 This dissemination of information to the public via the patents register is the public benefit gained from providing exclusive rights to the owner of the invention for a limited period of time. In the absence of such rights, there would be no incentive to make the information publicly available. Similarly, with copyright, the copyright owner gains little, if any, benefit from their copyright unless they disseminate their material to the public, and so they have an incentive to make it available to people who are willing and able to pay for the material.11

It is also important to recognise that the ‘return’ for a person who innovates or creates can be, and usually is, more than the economic return to them and, similarly, that the need and desire of users to access and utilise innovative or creative material is more than a simple economic imperative. Hence, the legal acknowledgment of the issues of personality referred to above12 can be an important driver of innovation and creativity while simultaneously crafting a legal system that ensures that maximum access to innovation and creativity by users is also important.

10 Patents Act 1990 (Cth) s 40(2)(a).
12 At 1.2.2.
1.2.4 Protection for investment

The argument that legal protection is needed to encourage the creation and dissemination of information is often transformed into an argument that any commercial investment should be protected. For example, the digital information revolution led to a significant increase in the number of databases of value, and these did not acquire copyright protection because they did not meet the originality requirements of many copyright regimes. In response, the European Union created a new sui generis database protection right. That new right is acquired simply by proving that a substantial investment has been made in obtaining, verifying or presenting data. 13

This general approach has led to calls to implement a general principle of protecting investment from unfair competition and claims that ‘what is worth taking is worth protecting’. 14

To date, these calls have largely been resisted, especially in Australia, where the High Court has explicitly rejected this proposition as a test for copyright infringement and rejected the notion of a general tort of unfair competition. 15 On the other hand, many European countries have such a civil action 16 and the majority of American states have a common law tort of misappropriation that does not require proof of deception but is aimed at preventing commercial free riding on the efforts of others in certain defined and quite limited circumstances. 17

There are some obvious difficulties with the idea of protecting investment per se. Apart from the uncertainty of determining that investment should be protected, there is no immediately obvious justification for determining that all investment is necessarily worthy of protection, either from a natural rights perspective or from an economic perspective. There may even be the possibility of encouraging too much investment by providing too much protection. 18

1.2.5 Rent seeking

Related to the discussion above are attempts to moderate ‘rent seeking’ behaviour. In this context, ‘rent seeking’ refers to the tendency of interest groups to devote considerable resources to obtaining benefits from the introduction or expansion of legal rights for members

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14 University of London Press Ltd v University Tutorial Press Ltd [1916] 2 Ch 601.
18 Prices Surveillance Authority, Inquiry into Book Prices and Parallel Imports (Report No 61, April 1995).
of those interest groups.19 For example, patent holders may seek to increase their ‘rents’ or wealth by lobbying the government to lengthen the term of their monopoly rights. Rent seeking is not a justification for intellectual property rights but a partial explanation of some aspects of intellectual property law. That is, one possible explanation for why some groups have successfully lobbied for the expansion of intellectual property rights is that it has been in their interests to do so. Related to this point is the frequent lack of organisation of, and therefore lack of opposition from, groups that would benefit from a reduction in intellectual property rights or the containment of them. For example, the many millions in developing countries suffering from AIDS might have had a particular interest in the minimisation of intellectual property rights in relation to pharmaceutical drugs but it was difficult for their combined voices to be effectively heard in the international trade negotiations that resulted in a global expansion of such rights. In contrast, pharmaceutical companies in the United States had one full-time lobbyist for every two members of the United States Congress in 2000, and 2.3 lobbyists for every member of Congress in 2009.20 Some aspects of intellectual property law might be a product of the disproportionate investment in securing legal protection.

1.2.6 A combination of all the above

The likely reality is that our present intellectual property laws are a combination of these and many other factors whose respective influences wax and wane over time. Hence, as Sherman and Bently have stated:

[In spite of what many present-day commentators would have us believe, the emergence of modern intellectual property law was neither natural nor inevitable, nor was it an example of the law coming to occupy its proper philosophical position.21]

The diversity and complexity of today’s intellectual property laws reflect the various principles and forces that have influenced their development, and so no easy explanation for the existence of any particular law is readily forthcoming.

1.3 The intellectual property regimes

With the inclusive description of the categories of intellectual property and the possible rationales for legal protection of those categories of rights in mind, we can turn to a consideration of the individual intellectual property regimes. Below is a very brief summary of the major intellectual property regimes, together with some comments on the various rationales for those regimes.

1.3.1 Copyright and related rights

Copyright confers rights in relation to the reproduction and dissemination of material that expresses ideas or information. The Copyright Act 1968 (Cth) defines the categories of material that receive copyright protection as literary, artistic, dramatic and musical works, and subject matter other than works that are sound recordings, cinematograph films, broadcasts and published editions of works. Copyright does not prevent alternative or independently created expressions of the same ideas or information and in this regard the scope of a copyright owner’s rights are more limited than those of other intellectual property owners, such as patentees and owners of trade marks.

Moreover, unlike trade marks, designs, patents and plant breeder’s rights, copyright is not registered and is generated automatically when the copyright material is reduced to a material form. The main justification given for copyright protection in common law jurisdictions is that it provides an incentive for the creation and subsequent distribution of the material in question.

In addition to this economic justification for copyright and the consequent conferment of economic rights on copyright owners, copyright legislation confers moral rights on authors. Moral rights permit authors to insist that others give them proper attribution of their authorship and to restrain others from interfering with the integrity of their works. Moral rights are the consequence of the view that some copyright works are an expression of an author’s personality and, as such, the author has a personal interest in the attribution of their work and in ensuring that it is not altered in a manner that would be disparaging of the author. For this reason, moral rights differ from the economic rights of authors in a number of critical respects. For example, moral rights cannot be transferred to another person.

Both economic and moral rights last, as a general rule, for the life of the author plus seventy years. This period of protection was introduced as a consequence of the Australia–United States Free Trade Agreement (AUSFTA). The duration of protection for copyright is and has been a controversial issue. If copyright is based on natural rights arguments, protection should probably be perpetual. On the other hand, if the purpose of copyright is to provide an incentive to create and disseminate copyright material, the duration of copyright need only be sufficiently long to provide the necessary incentive and no longer.

Part IX of the Copyright Act 1968 (Cth) also confers rights on performers in certain circumstances. These rights presently differ from and are less than those of a copyright owner although those rights were extended in 2005 as a consequence of the AUSFTA. The justification for performers’ rights is that those who perform and thus interpret copyright material such as musical works contribute a significant amount of creativity to the process of disseminating and exploiting that underlying material.

Similarly, a resale royalty right for some visual artists came into effect in 2010 via the Resale Royalty Right for Visual Artists Act 2009 (Cth). The right is held by an artist or their successor in title and is payable in respect of the resale of the original artistic work in question.

22 Copyright Act 1968 (Cth) pt III.
23 Copyright Act 1968 (Cth) pt IV.
25 Copyright Act 1968 (Cth) ss 189–195AZG came into operation on 21 December 2000 as a result of the Copyright Amendment (Moral Rights) Act 2000 (Cth).
26 US Free Trade Agreement Implementation Act 2004 (Cth).
There are other forms of statutory protection that are similar to copyright. For example, the Circuit Layouts Act 1989 (Cth) provides separate protection for a circuit layout, defined in s 5 as the ‘representation . . . of the three-dimensional location of the active and passive elements and interconnections making up an integrated circuit’. In the European Union, databases receive protection that is over and above the protection provided by copyright under the copyright provisions that apply there. These pieces of legislation deal with specific issues that relate to perceived gaps in the copyright regime.

1.3.2 Designs

A design in relation to a product is ‘the overall appearance of the product resulting from one or more visual features of the product’. The design of a product is often critical to its commercial success. In addition, designs have industrial and commercial application that results in them often having a functional aspect as well as an aesthetic aspect. Partly for that reason, it is important to restrict the extent of protection conferred on them. The period of protection for designs is a maximum of ten years.

This limited period of protection contrasts with the lengthy period of protection for copyright; and as designs usually also constitute artistic works, there are important issues about the overlap between copyright and designs. In Australia, these overlap issues are dealt with by denying copyright protection to some designs once they have been industrially applied. In addition, designs law differs markedly from copyright in that design protection, like patent and trade mark protection, is subject to a system of registration.

In addition, unlike copyright, independent creation of the same or a substantially similar design is not permitted. Partly for that reason, there needs to be a balance between creating an incentive to produce new designs while preventing indefinite monopolisation of functional designs.

1.3.3 Confidential information

In Australia, common law and equitable principles combine to protect confidential information with commercial or other value from being acquired, disclosed or used by others in circumstances where an obligation of confidentiality arises. The obligation may arise from any one or a combination of sources, such as contract or the fact that the circumstances in which a person acquired the confidential information are such that the courts consider that those circumstances impose an obligation of confidentiality.

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28 Designs Act 2003 (Cth) s 5 (definition of ‘design’).

29 Designs Act 2003 (Cth) s 46(1). The period is fifteen years under the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs, opened for signature 2 July 1999, 2279 UNTS 156 (entered into force 23 December 2003). Consideration is being given to Australia becoming a party to that treaty: see ch 7 at 7.2.

30 Copyright Act 1968 (Cth) ss 74-77A.
There are a number of possible benefits flowing from the laws imposing such obligations. For example, they encourage people to innovate and discover valuable information, they make it possible for people to share that information with potential business partners and thus increase its value without running the risk of losing control of it, and they reduce the extent to which others will devote resources to ‘stealing’ information rather than acquiring their own information via their own intellectual efforts. They also allow the information to stay protected indefinitely so that as long as the information is not publicly disclosed it is not subject to a term limit.

### 1.3.4 Patents

Patents confer an exclusive right to exploit an invented product or process. A patent owner must demonstrate the following: their invention is useful in the sense that it achieves the outcomes claimed by the inventor; the patent is inventive in the sense that it is not an obvious addition to pre-existing knowledge or inventions; and the invention is novel in the sense that it has not been previously made publicly available via publication or use by either the patent owner or another person. Unlike copyright, independent ‘creation’ or invention does not justify infringement of the exclusive rights of the original inventor.

While the threshold for obtaining protection is quite high and certainly much higher than for copyright, the rights obtained are also much stronger and, partly for this reason, the period of protection is restricted to twenty years, although there is provision for extending that period of protection for pharmaceuticals to twenty-five years.

The registration process is meant to produce a social contract between the patentee and society by ensuring the full disclosure of the invention in return for which the patentee receives exclusive property rights in respect of their patent for a limited period of time. On the expiry of the patent, the invention becomes available for all to use and exploit for free.

### 1.3.5 Plant breeder’s rights

Plant breeder’s rights confer exclusive rights on those who develop new plant varieties that are stable, uniform and distinct, and prevent others from propagating or commercially dealing with those varieties of plant. Some exemptions apply to farmers who may use seeds obtained from their crops for their own private purposes. The rights last for twenty-five years for trees and vines and twenty years for other plants.

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31 The word ‘exploit’ is defined in the Dictionary of sch 1 of the Patents Act 1990 (Cth) as: ‘(a) where the invention is a product – make, hire, sell or otherwise dispose of the product, offer to make, sell, hire or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things, or (b) … use [a] method or process or do any act mentioned in paragraph (a) in respect of a product resulting from such use.’
32 An innovation patent has an even lower requirement of inventiveness or innovation.
33 Patents Act 1990 (Cth) s 67.
34 Ibid s 70 (discussed in ch 9 at 9.10).
36 Plant Breeder’s Rights Act 1994 (Cth) s 43.
37 Ibid s 16.
38 Ibid s 22.
The purpose of the rights is to encourage constant investment in the development of new plant varieties. New varieties are required that in turn respond to problems such as the adaptation of insects and diseases to previously developed plant varieties.

1.3.6 Passing off

The tort of passing off protects a trader from reputational harm that flows from misrepresentations by another trader (the defendant) to prospective customers of the defendant or those who may ultimately acquire the defendant's goods or services. The classic form of passing off is for the defendant to represent that its goods are those of the plaintiff, but the cause of action has been expanded to almost any misrepresentation that wrongly suggests an association between the defendant’s product and the plaintiff. It has also been extended to more general misrepresentations where the defendant has not suggested any association between its goods and the plaintiff but the defendant has nevertheless misappropriated the plaintiff’s reputation in a misleading manner. Consequently, the plaintiffs may be other traders who compete directly with the defendant or they may be well-known celebrities, such as sporting heroes or famous actors, objecting to the misuse of their celebrity status to promote the defendant’s products by the suggestion of an association between those products and the celebrity.

The tort has a twofold justification. From the plaintiff’s perspective, the benefit of the tort is to prevent the misappropriation of its commercial image or goodwill by another. In this sense, it protects business investment by providing a vehicle through which the owners of a commercial image or reputation may protect it. However, in doing so, the tort also protects consumers from deceptive conduct and misinformation concerning the products they may choose to buy. This protection performs an important economic function. In order for a market economy to work efficiently, buyers and sellers need reliable and accurate information concerning the products they are buying and selling. By giving a cause of action to those with a valuable reputation to protect, the tort provides an incentive to the owners of that reputation to promote the public benefit of preventing the deception of consumers.

A number of statutory consumer protection provisions, such as s 18 of sch 2 of the Competition and Consumer Act 2010 (Cth), have a similar effect to passing off, although their focus is on consumer protection and the protection of reputations is a side effect of that focus. For that reason, there are some differences between these consumer protection provisions and passing off that need to be considered.

1.3.7 Registered trade marks

Trade marks are signs used to distinguish one person’s products, be they goods or services, from another person’s products. A registered trade mark owner can proceed to use their trade mark in respect of their products with confidence that others may not use it or a deceptively similar trade mark in respect of similar goods or services. The Act defines goods and services as being ‘similar goods’ and ‘similar services’ if they are: (a) the same as the other goods/services; or (b) of the