RECENT DECISIONS

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Who owns the inventions of an academic?

In *University of Western Australia v Gray* (No 20) [2008] FCA 498, the Federal Court took a narrow approach and held that the University of Western Australia was not entitled to ownership of inventions developed by Dr Gray, a member of its academic staff a professor of surgery. While employed with the University, Dr Gray, a professor of surgery, researched technology to treat liver cancer. He produced a number of inventions which were patented and ultimately acquired and developed by Sirtex Medical Limited, a publicly listed company of which Dr Gray was a director and significant shareholder.

In 2004, the University sought a declaration that Dr Gray had breached his contract of employment and that he held his shares and options in Sirtex (valued at approximately $150 million) on trust for the University and that Sirtex Medical Limited held its patents on trust for the University.

The Court accepted the University's argument that a term that intellectual property developed in the course of employment belonged to the University was automatically implied into all employment contracts with academic research staff who used University facilities. However, the Court said this was only where the employee was doing work for which was engaged. Inventions which were not the product of work for which the employee was actually engaged were not the employer's property.

The Court found that while Dr Gray was employed to conduct and stimulate research, he was not employed to invent and therefore no term vesting ownership of intellectual property in inventions developed by Dr Gray could be implied into his employment contract with the University.

The Court considered that Dr Gray's employment obligations differed from those of a person employed by a private commercial entity, whose obligations include the advancement of the employer's commercial purpose. Dr Gray was not required to advance the University's commercial purpose when selecting the research he would undertake. The University's alternative arguments, based on breach of fiduciary duty and breach of University regulations, also failed.

This decision confirmed that a duty to invent is specific and distinct from a duty to research and even though the invention was created using the employer's facilities, it will not be in the course of an employee's employment. Unless a university or government department specifically includes an express provision assigning the intellectual property rights in patentable inventions to the employer, the university or department is at risk of not being able to assert ownership over the invention.

The University is appealing the decision.

Local councils are not constitutional corporations

In a recent decision *AWU v Etheridge Shire Council* [2008] FCA 1268 (20 August 2008) (Spender J) the Federal Court determined that local councils are not constitutional corporations and therefore not 'employers' for the purposes of the *Workplace Relations Act*

1996 (Cth). The Federal Court considered whether the Etheridge Shire Council in Queensland could enter into a workplace agreement with its employees under the Federal industrial relations system.

Under the *Workplace Relations Act 1996* (Cth), the agreement could only be made if the Council was a constitutional corporation, that is, a trading or financial corporation formed within the limits of the Commonwealth.

Justice Spender held that, in determining whether the Council was a trading or a financial corporation, the primary focus was on the activities of the Council. There was evidence that while the Council's activities included providing a tourism centre, road works for the Department of Works, private works (services to residents and organisations), hostel accommodation, childcare centres, office space rental, residential property rental, sale of land, hire of halls, sale of water and services to the Federal Government, the Council was not a trading corporation,

Justice Spender held that:

- all of the above activities 'entirely lack the essential quality of trade;
- almost all activities ran at a loss ;
- all activities were directed to public benefit objectives;
- in monetary terms they were 'so inconsequential and incidental to the primary activity and function of the Council as to deny the Council the characterisation of a 'trading corporation or a financial corporation'.

The decision means that local councils cannot enter into workplace agreements under the Federal industrial relations system and are not employers for the purposes of the Federal unfair dismissal provisions.

An appeal is unlikely against the decision, due in part to legislative amendments made to the *Local Government Act 1993* (Qld) in March 2008 which expressly provided that councils are not corporations. However, for councils that have implemented Federal workplace agreements, such as in Western Australia, the Federal Court's decision is likely to cause significant uncertainty. In NSW, the government legislated to shield some public sector employees from Federal industrial relations law, but not council employees. *Etheridge* turned on the nature of local councils and their functions and provides little guidance as to the status of incorporated not-for-profit organisations.

Access to examination marking guides given

In *University Of Melbourne V McKean* [2008] VSC 325, the Victorian Supreme Court has upheld a student's claim for access to examinations papers and marking guides under the *Freedom of Information Act 1982* (Vic).

Mr McKean, a student at the University of Melbourne, sought access to the marking guides for two subjects as well as his examination paper for one of those subjects. The University refused on the basis that the marking guides were exempt under s 30(1) *Internal working documents* and 34(3)(c)*Documents relating to trade secrets* of the Act and the examination paper was exempt under s 34(4)(c) of the Act.

VCAT (Tribunal) found that neither the marking guides nor the examination papers were exempt and the University was ordered to release the documents to Mr McKean. The University appealed the Tribunal's findings in relation to s 34(4)(c) of the Act only.

Section 34(4)(c) provides,

> 'A document is an exempt document if ... it is an examination paper, a paper submitted by a student in the course of an examination, an examiner's report or similar document **and the use or uses for which the document was prepared have not been completed'** [emphasis added]

The University's submission was:

- for the two subjects in question, there is a limited amount of information that can be examined, so questions are 'recycled' from year to year
- in future years, examination papers for those subjects may contain substantially similar questions to those contained in the papers the subject of the access request or may even reproduce parts of those papers and
- disclosure of marking guides would allow students to rote learn answers without needing to understand the subject.

Importantly, it was made clear that while the past examination questions and answers were available for reuse, it was not certain that any part(s) of the three documents *would* be reused.

Kyrou J upheld the Tribunal's decision finding that it was open for the Tribunal to find that the uses for which the three documents were prepared were completed at the end of the examination assessment period when the results were published. The University did not discharge the onus of making an exemption under s 34(4)(c) of the Act. It did not satisfy the Tribunal, nor Kyrou J, that there was a further use to be made of the documents and, moreover, that the further use was a use 'for which the document was prepared have not been completed'.

Judging the High Court

According to a report presented at the Gilbert +Tobin Centre of Public Law's seventh annual Constitutional Law Conference, Crennan J held the broadest appeal as a collaborator on joint judgements across all members of the High Court during the past year.

In analysing the High Court's decisions, Dr Andrew Lynch and Professor George Williams from the Centre, part of UNSW's Faculty of Law, found that the general pattern of decision-making continued along familiar lines but that Crennan J did establish herself as a dominant part of the consensus.

Formal disagreement on the Court was present in about half of all cases last year. Justice Kirby continued in his position as the Court's outsider, dissenting in over 40 percent of matters he decided – a reduction from the year before but still much higher than the nearest judge. But while the frequency of a split bench remained steady, the Court decided far fewer matters unanimously than it had in previous years. Only 15 percent of cases were resolved with all justices agreeing in one set of reasons.

Lynch and Williams also suggested that the Rudd government may use its chance to appoint replacements for both the departing Gleeson CJ and Kirby J to effect a change in direction on the Court.

'The retirement of the Chief Justice this year presents particularly intriguing possibilities,' said Dr Lynch. 'Not only is this because Murray Gleeson has been such a consistent member of the Court's majority opinions over his tenure, but also because of the leadership capacities of the office he will be vacating.'

Dr Lynch predicted that, based on his past form, it was likely that under Robert French as Chief Justice, the Court will be ready once more to engage with the community about its complex role in the evolution of Australian law, its relationship with the other branches of government and the importance of constitutional values.

Decision signals rising tide for climate change risks

Decision-makers, local councils and project developers are on notice that failure to take into account long-term environmental risk factors - including climate change flood risk - in the planning and development approval process could leave them open to future litigation following a decision by the NSW Court of Appeal decision in *Minister for Planning v Walker* [2008] NSWCA 224. This case concerned a proposed coastal development at Sandon Point in NSW and overturned an earlier Land & Environment Court decision which had held that a Concept Plan under Part 3A was invalid because it failed to take into account the effect of climate change flood risk, including rising sea levels.

While the Court of Appeal allowed the appeal against that decision, its decision was a strong warning that failing to properly consider environmental risks such as climate change flood risk in making planning and development decisions could equate to a failure to consider the public interest and allow future decisions to be challenged.

The Court described it as 'somewhat surprising and disturbing' that the Director-General's report did not address the precautionary principle and inter-generational equity, and has warned that such principles need to be considered when making any development application. Failure to consider the potential impact of climate change could expose the decision maker to future liability in negligence.

25 September 2008

Council employees found to be biased when giving evidence

Decades of Land and Environment Court practice and procedure has been overturned in a decision that found that council staff / employees such as council planners are biased and therefore are prevented from being expert witnesses in Land and Environment Court cases.

In *Willoughby Council v Transport Infrastructure Development Corporation (No 2)* (August 2008), Lloyd J refused to allow an expert report by a council planner to be tendered in the Court proceedings as evidence. The judgment was sufficiently broad that it could be applied in almost any Land and Environment Court matter.

Justice Lloyd relied upon the *Expert Witness Code of Conduct* (requiring experts to be independent from the parties) and a High Court decision to rule that 'the existence of an ongoing or existing relationship between an expert witness and a party results in a breach of the necessary independence'.

Justice Lloyd excluded the expert report by Council's senior development planner, saying:

> In my opinion, the report of Mrs de Carvalho should be rejected. She is not independent from a party but, on the contrary, is an employee of a party…Finally, as I have already noted, the report itself contains not only facts but also partisan opinions, which demonstrate that she has clearly adopted the role of an advocate for a party. I reject the tender of the report.

The ruling in this matter stands to generally exclude Council staff from giving expert evidence or preparing expert reports, other than where they merely state factual matters and may effectively prevent Council staff from providing any 'partisan opinion'.