

## **Post-Grant Patent Enforcement Strategies**

### **Response by AMPICTA to Issues Paper dated November 2006**

**NB AMPICTA is also interested in taking part in consultation.**

#### **Question 1: Is IP Australia's current information on patent enforcement sufficient?**

No it is not sufficient. The whole concept of patent enforcement is inextricably linked to the overall concept of intellectual property protection and needs to address, in the first instance, the fundamental issue of "What is the extent of intellectual property in a business?"

#### **Question 2: Is there a need to refocus IP Australia's education and awareness programs?**

Yes there is but firstly the community needs must be determined so that any refocusing is meaningful.

#### **Question 3: Are there any more effective ways to increase awareness of patent owners or potential patent owners about the responsibility of patent enforcement?**

There probably are more effective ways to increase patent awareness but in determining what these are all might be the answer to questions 2 should first be considered.

#### **Question 4: Should IP Australia's education and awareness programs contain more emphasis on enforcing patents in overseas jurisdictions?**

The emphasis should first be on enforcing patents in Australia. Once this is properly addressed then further consideration might be given to enforcing patents in overseas jurisdictions.

However, USA and Europe are both highly important jurisdictions for manufacturers and licensors of patented technology and we note that at least emphasis must be placed in these areas, if Australian companies are to remain competitive in the international marketplace.

#### **Question 5: Would a post-grant opposition process offer greater benefits over the existing pre-grant opposition process?**

On balance, no. Post-grant opposition will be an attempt to correct patents after they have already been granted. The final outcome will be to add further uncertainty and confusion to an already muddled system for patentees. Post grant opposition will mean that patentees would not be sure of intellectual property rights even after grant.

**Question 6: Would a post-grant opposition process assist patent owners to better enforce their patent rights?**

On balance, no – see response 5

**Question 7: Would it be beneficial for patent owners if, on request, IP Australia provided an opinion on the issue of patent validity or infringement?**

If IP Australia were to provide such an opinion it would be giving legal advice which it is not qualified to do and should not do. Such advice should be sought from and provided by a duly qualified lawyer or patent attorney.

Furthermore, for any such opinion to be effectively worth the effort, that opinion must be enforceable in a court of law at a later stage. Whilst the notion of obtaining a legally binding opinion for companies is appealing, companies must be able to rely on the opinion in good faith to base their operations.

AMPICTA believes that a formal opinion regarding validity and/or infringement may well be preferably provided by a separate, independent and low cost intellectual property tribunal formed of specialised and trained individuals with legal, scientific and patent backgrounds..

**Question 8: Should it be mandatory to obtain a validity opinion from IP Australia prior to seeking legal action?**

No. This would add to the cost and expensive of enforcement and further impede the speed and efficiency of already slow and costly process. Furthermore it would intrude upon the right of an intellectual property owner to himself decide the manner in which he wishes to protect his intellectual property.

**Question 9: Should the award of costs be linked to whether a patent had been re-examined in terms of its validity by IP Australia before the question had been argued in court proceedings?**

No

**Question 10: Would mediation be of benefit in patent disputes?**

In principle, yes provided it is not mandatory.

**Question 11: Should IP Australia provide a similar mediation service to that provided in the United Kingdom?**

This is certainly worth exploring further. There may be benefit from such a service.

**Question 12: Should mandatory mediation occur prior to an enforcement action being pursued in the courts?**

No. Mediation prior to an enforcement action being commenced has merit but it should not be mandatory.

**Question 13: Would it be of benefit if mediation efforts were considered when legal costs are awarded?**

Yes

**Question 14: Would an independent decision-making body such as a patent tribunal assist patent owners to effectively enforce their patent?**

A patent tribunal experienced with dealing with patents and their interpretation may assist patentees in obtaining certainty and reliability regarding their patent portfolios. Additionally, such a patent tribunal should provide a low cost and fast alternative to standard court proceedings.

The main issues facing patentees are the lack of certainty that their rights are enforceable in a court, even post examination, and secondly the cost of enforcement. The introduction of a patent tribunal should clearly address these main issues.

**Question 15: Before seeking a hearing from the Federal or State Supreme Court should it be mandatory for patent owners to first seek judgment in a patents tribunal on questions of patent validity and/or infringement?**

This has some potential merit and should be investigated further. However, the right of patent owners to determine the best avenue of protection should not be limited.

**Question 16: Is it likely that a patent tribunal would add another layer of expense and complexity to the current process of patent enforcement?**

Without a doubt, yes

**Question 17: Are there other quasi-judicial models that would be more effective?**

There may be; this needs detailed investigation.

One model for dealing with patent disputes could be to set up a similar system to that used to deal with domain name disputes. Under this arbitration based model, Complainant's may file complaints through a provider (ie LEADR and WIPO) and the domain name dispute is finalised (ex parte and via email) within 30 days for only about AUD\$1000. The arbitrators are appointed randomly by the Provider from a pool of qualified arbitrators.

This provides a viable alternative to court system provides fast and reliable decisions. However this arbitration system is currently only capable of awarding remedies in relation to transferring or cancelling domain names, monetary based remedies including costs are unavailable under the system.

**Question 18: Would it be beneficial for a patent tribunal to hear post-grant opposition proceedings?**

Not necessarily. This needs further investigation. However if pre-grant opposition proceedings are not heard by a specialised tribunal it is hard to see why post-grant opposition proceedings should be so heard.

**Question 19: Is patent insurance a viable option for SMEs seeking to enforce their patent or defend their patent from validity claims?**

This all depends upon the cost of such insurance and whether or not control of any actions rest with the insurer or the patent holder. If the former, then there must be doubts as to the benefits arising. Nonetheless, further investigation is needed.

**Question 20: What is the reason for the apparent reluctance of private enterprise to provide patent insurance?**

Primarily the cost/benefit outcome. Generally, to take out patent insurance you must show to the insurer that your patents are valid in terms of novelty and inventive step. The insurer typically runs a validity assessment of the patents concerned and passes the costs of the assessment directly to the patentee prior to approving the insurance. These costs are passed on regardless of whether the insurer issues the policy or not and they reserve the right to approve or not on the basis the validity assessment.

Additionally, the policies typically require patentees to confirm with the insurer that they are not aware of any likely infringers at the time of the policy is applied for. This is unlikely to be useful as most patentees do not want patent insurance until it is likely that litigation will occur.

**Question 21: What can be done to ensure private enterprise provides commercially viable patent insurance?**

In order to answer this question discussions would need to be held whether the insurance industry to determine what the industry would provide and whether it was commercially viable to patent owners. It is not an easy question; there is no easy answer.

Patent insurance in its current form is quite complex and is not a viable alternative for private enterprise.

**Question 22: Would patent holders benefit by a type of enforcement fund?**

This would not be viable overall. More like a patent version of Medicare that would similarly become something of a very expensive black hole for the collection of money. Cost would outweigh benefit. In addition, we would have concerns regarding the possible abuse of such funds by vexatious litigants.

**Question 23: How could an enforcement fund be administered and financed?**

See answer to Question 22. It is unlikely that such a fund would be administered and/or financed in any way differently to Medicare.

**Question 24: Should enforcement fund be established that is funded by patent examination and registration fees?**

No. See answers to questions 22 and 23.

**Question 25: Would patent owners be better able to pursue enforcement actions if there were high rates of tax deductions for patent litigation expenses?**

This may well turn out to be the case; however would it be a proper charge on the public purse for the overall benefit of the Australian economy?

**Question 26: Would more people be encouraged to use ADR measures if there were restrictions on tax deductions for litigation expenses?**

This is considered unlikely.

**Question 27: Could other tax incentives assist individuals and businesses to better enforce their patents?**

Probably yet; however I gain would these constitute proper charges on the public purse for the overall benefit of the Australian economy?

**Question 28: Should criminal penalties be available for patent infringement?**

In the case of wilful infringement than criminal penalties may be appropriate otherwise no. US patent litigation model is an example of how wilful or punitive damage can be effectively used to prevent or limit infringement. However in the US system, a defence to wilful infringement can be provided by obtaining a formal written opinion from a US attorney.

**Question 29: Should criminal sanctions be available only in the case of wilful patent infringement?**

Yes

**Question 30: In addition to current efforts in international fora, what other strategies could Australia pursue internationally to assist patent owners enforce their patent rights in overseas jurisdictions?**

We have no comment at this time

**Question 31: What kind of domestic changes, programs or strategies are more likely to assist patent owners with enforcement overseas?**

IP Australia should provide more detailed information regarding the European and USA patent offices. Preferably, they could provide basic information kits regarding overseas patent jurisdictions for patentees to give them some idea of the different issues in patenting worldwide. Currently, there is very little information available from IP Australia about overseas patent offices.

**Question 32: Would a publication or on-line information site dedicated to assist patent owners enforce or defend their rights in country specific jurisdictions be advantageous?**

Probably yes.

**Question 33: Are there other strategies that could make overseas patent enforcement easier and less costly?**

We have no comment at this time

**Question 34: Should there be legislated provisions relating to customs seizure of imported goods which infringe patterns?**

Yes; this is presently available in the case of imports of suspected trade mark infringing products.

**Issues - Notwithstanding that contingency fees form part of a much broader, on-going policy debate active at state and federal levels, ACIP remains open to comment on this issue in the context of patent enforcement.**

AMPICTA does not support contingency fees.