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CUSTOMS SUBMISSION: ADVISORY COUNCIL ON POST-GRANT PATENT ENFORCEMENT STRATEGIES

References: ACIP Review on Post-Grant Patent Enforcement Strategies
Issues Paper November 2006

Thank you for providing Customs with the opportunity to make a submission to the ACIP Review on Post-Grant Patent Enforcement Strategies.

Customs undertakes a wide range of activities at the border. Whilst our primary role at the border is community protection, we must also balance that role against meeting the community's reasonable expectations about the ease of travel and doing business. Facilitating the movement of legitimate travellers and goods is essential.

All movements across the Australian border are screened by Customs using a range of intelligence, targeting, and profiling techniques. Cargo examination is undertaken on a priority basis in accordance with the risk to the community. Consequently, illicit drugs, weapons and terrorist related matters will always be an important focus for Customs resources. Each year Customs intercepts a large number of prohibited and restricted goods, including goods suspected of infringing intellectual property rights.

Any proposal promoting the enforcement of patent rights at the border would present some unique challenges in the Customs environment. The identification of patented material requires a substantial level of technical expertise, which would be difficult to establish effectively with Customs staff who currently are not provided with specific training in this area.

CURRENT SITUATION

Customs has border enforcement measures in place to prevent the importation of goods that are suspected of infringing trade marks, copyright, and protected Olympic expressions. There are currently no provisions contained within the *Patents Act 1990* that enable Customs to intercept goods suspected of infringing patent rights.

Before any consideration is given to real time enforcement at the border of patent rights, Customs would like to draw attention to the issues and considerations detailed below.

Resources

High level analysis indicates Customs would need to risk assess several million lines of imports related to patent material in any twelve month period. These risk assessment needs would have a significant impact of Customs resources. In this context, it is important to be mindful of higher priority issues to the community such as narcotics and counter terrorism.

Technical Expertise

Identification of material that may infringe a patent right requires specialised knowledge and technical expertise. Any number of patent rights could be infringed by a single good being imported, for example a motor vehicle may contain several patented articles - from the braking system to the electrical circuits, to the use of microscopic security devices. Customs officers do not have the levels of knowledge or technical expertise needed to identify and enforce patent rights at the border.

It is important to note that a large number of Cargo staff are routinely rotated through Customs examination areas. Acquiring and maintaining required levels of expertise in enforcing patent rights would be an ongoing and potentially onerous exercise.

Procedures for the detention, handling, transport, and storage of seized goods

To allow for further action to be taken in respect of an infringement, the existing scheme for protecting trade mark and copyright at the border allows suspected infringing goods to be detained by Customs for up to 20 days. In the case of upholding patent rights, detaining large quantities of goods for an extended period can potentially have serious consequences on availability of storage space and result in significant expense.

Disposal of seized goods

An established procedure would be required for the disposal of goods. Consideration would need to be given to issues including:

- Quarantine/environmental risk;
- political sensitivities;
- applicable legislation and procedure defining who has the authority to decide and undertake the disposal of detained/seized goods;
- any cultural significance of the good/s;
- frameworks established via international forums.

Responsibility for costs

It would need to be established whether it is the right holder or the government that would bear responsibility for the costs associated with transport, storage, and destruction. Under the existing scheme for protecting trade marks and copyright, it is the right holder who has responsibility for any seizure costs. These costs can be considerable.

CONCLUSION

In determining a future strategy for effective management and protection of patent rights, Customs would urge that consideration be given to a broad range of potential measures. This must take into account the high level of expertise required and the practical difficulties Customs would experience in trying to identify, intercept and store suspected infringing material at the border.

An alternative approach may be to have authorised officers with the necessary qualification undertake examinations and audits post importation. A regime similar to the new Infringement Notice Scheme recently introduced for copyright offences could be also considered. Officers for this purpose would be drawn from agencies other than Customs, although Customs expertise in analysing import documents could be utilised if necessary.