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15 February, 2007

Attention: Kostas Arvantis
Secretariat
Advisory Council on Intellectual Property
PO Box 200
Woden ACT 2606

Dear Sir or Madam,

Re: Post – Grant Patent Enforcement Strategies Issues Paper

I have read the document issued by the Advisory Council on Intellectual Property dated November 2006 titled Post-Grant Enforcement Strategies and would like to submit my comments and offer to participate in consultations should you require.

Firstly may I congratulate those who prepared the issues paper it is comprehensive, well written and covers many issues, which directly effect my Company.

My company has the Australian Patent Number 733668. The title of the invention is : Surface finish of cementitious nature and containing glass beads. In addition to Australia we hold Patents in the USA, Canada, China, Germany, Spain, France, United Kingdom, Russia, China, Korea, New Zealand , Japan and Brazil.

We are a small family “SME” and have funded this venture by utilising savings, sale of investments and borrowings.

The invention could be briefly described as “reflective cement” and is sold under the trademark “Beadcrete” surface finishes.

Our website is **www.beadcrete.com** if you would like to see the scope of the invention and how we are commercialising it.

In Australia our product is becoming subject to replication by unauthorised parties which are mostly either our competitors and or end users which is becoming frustrating because they are relatively small but numerous.

What is increasingly frustrating is a major Australian company is selling one of the key components to the invention , knowing full well of the existence of our patent, to numerous parties in the industry and knowing this may cause a patent infringement .With easy access to this component these small operators can replicate the patented invention and its installation process. These numerous small operators are generally not fearful of being caught with a patent infringement as they are relatively un-financial. The risk of criminal sanctions and the possibility of imprisonment would be a far greater deterrent. Our estimate of lost sales due to these alleged infringers is in excess of Aus \$1 Million. If there was the possibility of penalty to the Company selling the key component, knowing its end use and the existence of our patent, they would most likely stop selling the component to the end user and end the potential patent infringements.

Quite differently in the United States the commercial sector appears greatly respectful of the existence of our patent and potential patent infringement penalties, thus infringement as far we have detected is close to non existent.

As mentioned in the issues paper under “General Issues”, as has happened to this business recently in Australia, is when challenged re patent infringement, the alleged infringer has threatened counterclaim for the revocation of the disputed patent on the grounds the grant was invalid thus exposing us to a lengthy and potentially expensive court proceeding.

A cheaper, simpler resolution process would be far more desirable. To attempt to enforce our patent through the current system would potentially consume years of profit.

An issue that is of significant importance is that an “alleged infringer” has been telling competitors that our patent is invalid (whilst knowing nothing about the patent) just to weaken our commercial monopoly and encourage others to take part in infringements. This act alone should carry specific enforceable penalties (preferably criminal) from IP Australia.

As presented I believe the issues contained in the issues paper to be correct and factual so I will refrain from commenting on every issue raised, however, I feel it important to submit comments to the following issues as they are addressed in the paper.

My responses are:

Question 7: It would be of great benefit for the patent owners if on request, IP Australia provided an opinion on the issue of patent validity or infringement.

Question 8: I believe it should be mandatory to obtain a validity opinion from IP Australia prior to seeking legal action as this opinion may lead the other party to re-think/drop their invalidity counter claim.

Question 9: I believe it would be preferable that the award of costs be linked to whether a patent had been re examined in terms of validity by IP Australia.

Question 10: Mediation in some cases may be of benefit to a patent dispute, but not in all cases. An example of this would be where the infringement is intentionally/ flagrantly being committed by a vindictive or hostile party there would be little chance of a positive commercial solution.

Question 12: I don't think mandatory mediation is the ideal solution and in some cases I believe a patent tribunal would be more suitable.

Question 13: Mediation efforts could be considered when legal costs are awarded but would need to be done so in consideration of the attitude and intentional knowledge and flagrancy of the patent infringer. Hence I do not agree with mandatory mediation.

Question 14: The creation of an independent decision making body such as a patent tribunal, to assist patent owners effectively enforce their patents is an excellent idea. I support this idea whole-heartedly.

Question 15: I agree in it being mandatory for patent owners to seek judgement in a patent tribunal on questions of patent validity and infringement.

Question 16: I don't consider that a patent tribunal would add a another layer of expense and complexity to patent enforcement, in fact, I believe it would save money by reducing court hearings and their associated costs.

Question 18: I consider it would be beneficial for a patent tribunal to hear post-grant opposition proceedings.

Question 19: Whist having no knowledge of the premiums that would be applicable to patent insurance, I consider patent insurance could potentially be prohibitively too expensive for SMEs.

Question 22: The possibility of establishing a patent enforcement fund is a sensational idea. I would be of great benefit to Patent holders, particularly SMEs.

Question 23: I would be more than happy and willing to pay a levy on our patent renewal for the administration and financing of a patent enforcement fund and see this as very fair.

Question 24: As with question 23 funding the enforcement fund with patent examination and registration fees in conjunction with patent renewal fees is an ideal solution.

Questions 25 through 27: From this companies perspective and current levels I could not see tax incentives as a benefit to pursue enforcement actions.

Question 28: **This to me is one of the most important issues.**
I definitely believe **criminal penalties should be available for patent infringement.**

The **patent infringers are stealing** and in some cases the amounts of potential income stolen are considerable. **With the potential of Criminal charges and even possible jail for wilful and knowable infringement, this would stop a lot potential infringers, as the risk would become too great.**

I would like to see the issue of criminal penalties further explored to cover companies/parties who, with full knowledge of the existence of the patent, sell / or import the key ingredients and supply them to

patent infringers with the knowledge that the end product of the ingredients supplied will result in a potential patent infringement. In reality these parties are knowingly contributing to a patent infringement.

By stopping the supply of key ingredients by parties knowing they are contributing to a patent potential would stop numerous patent infringements by the end user.

Question 29: Criminal sanctions should be on all patent infringement, as guilty party when confronted, will in most cases deny wilful patent infringement. In reality for a patent infringement to get to this stage the infringer would have had more than ample notice be way of patent notification and cease and desist letters etc. and the flagrancy of the infringement would be obvious.

I would be happy to pay a levy to fund the use of Australian Federal Police to enforce criminal sanctions in conjunction with IP Australia.

Page 24 – Exemplary Damages.

I consider if Australia were to adopt the concept of “Triple Damages” as from the USA, there would be a dramatic drop in both Patent Infringements and these matters escalating to court proceedings as the risks to the potential infringers would become too great.

As indicated earlier in this letter this company’s knowledge of patent infringements on our USA Patent in the USA is non-existent.

Question 32: A publication or on-line information site dedicated to assist patent owners enforce or defend their rights in country specific jurisdictions would be advantageous.

Questions 34: I believe there should be legislative provisions relating to the customs seizure and destruction of goods which infringe patents.

Conclusion.

Thank you for the opportunity of submitting suggestions and comments as to better ways for our patents to be protected. As a patent owner it is reassuring of the Australian Government's concern in this matter.

I would like to offer to discuss the comments included in my submission should you require.

Yours faithfully,

Peter Carden
Managing Director