



THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS  
FICPI AUSTRALIA

9 October, 2009

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Dear Sirs,

**Re: ACIP Interim Report  
“Post-grant Patent Enforcement Strategies”**

This submission on behalf of the Australian Federation of Intellectual Property Attorneys (FICPI Australia) is further to our response of 1 May 2007 to the ACIP Issues Paper also entitled “Post-grant Patent Enforcement Strategies”.

We comment in turn below on each of the proposals presented in the Interim Report.

**Proposal 1: That IP Australia establish an IP dispute resolution centre along the lines of WIPO’s Arbitration and Mediation Center, which in the first instance focuses on patent disputes. Funding for the centre should be on a “user pays” basis.**

FICPI Australia is supportive of at least the Patent Tribunal element of what ACIP proposes should fall within the ambit of an IP Dispute Resolution Centre. However, as will be further outlined below, FICPI has serious concerns regarding the adoption of a validity and infringement opinion service and is concerned that the proposed IP Dispute Resolution Centre will require significant financial and personnel resources that in large part are likely to be drawn away from the existing resources of IP Australia. FICPI Australia is firmly of the view that the most fundamental and pragmatic way in which IP Australia can contribute to an efficient and cost-effective patent enforcement system is by ensuring that the standard of patent searching and examination is at the highest possible level. The establishment of any new initiative such as the proposed IP Dispute Resolution Centre that may draw IP Australia resources away from this fundamental area would be of concern.

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The proposal includes the recommendation that the IP Dispute Resolution Centre should be established on a user pays basis. However, it is unclear to us whether it is intended that all users of the patent system should be the ones to pay, such that the new Centre would be funded by an across the board increase of patent related official fees, or alternatively whether it is simply those using the services of the IP Dispute Resolution Centre that would fund its activities. Although it is relatively easy to see how this would be managed in the case of the ADR, Patent Tribunal and validity and infringement opinion service it is less clear how the actual user would fund the patent enforcement resource.

We suggest that the funding model should be elaborated upon in detail before any proposal to establish an IP Dispute Resolution Centre is presented to government.

**Proposal 2: That IP Australia establish a validity and infringement opinion service (taking into account the needs of SMEs), along similar lines to that provided by the UKIPO, and incorporated within the IP dispute resolution centre.**

In response to the proposal for IP Australia to establish a validity and infringement opinion service FICPI Australia reiterates its considerable concerns presented in response to question 7 in our 1 May 2007 submission, which can be summarised as follows:

- (a) IP Australia's primary focus should be on the quality of search and examination of patent applications, with the aim of ensuring that to the extent possible only valid and enforceable patents are granted.
- (b) It is difficult to see how IP Australia could provide an infringement and validity opinion service of the type provided by the UK Patent Office without the need for using experienced examiners whom, in our opinion, should be examining patent applications;
- (c) Issues of both validity and infringement of patents invariably require expert evidence under the Australian legal system. Unless IP Australia has access to such expert evidence it is difficult to see the value in IP Australia providing infringement and validity opinions as such opinions are already available from trained and experienced IP Professionals;
- (d) Assuming that evidence is envisaged to be provided by the parties it is likely that concerns regarding legal professional privilege would limit the parties' desire to provide such evidence. Further, if the infringement and validity opinions provided by IP Australia are intended to be published it is likely that many parties will have significant reluctance to be involved in such a process, as the published opinion could be prejudicial to commercial dealings or Court proceedings in Australia or elsewhere;
- (e) Opinions in relation to infringement and validity are readily available from IP professionals, including patent attorneys and lawyers, who are qualified and experienced in providing such advice. It is unclear what advantage would be served by having IP Australia provide such opinions;
- (f) The acquisition of the skills necessary to provide appropriate commercially balanced infringement and validity advice requires extensive education and

training, usually by more senior and experienced attorneys. FICPI is unclear how IP Australia will acquire the required level of skills.

Further, in general, an opinion as to whether something falls within the scope of the claims of a patent is only part of the advice that a client requires. More often than not the client needs advice that is commercially balanced and this often requires the advisor to understand the client's market and the client's risk and management philosophies. This can take many years to understand and it is believed that IP Australia will not be able to acquire this knowledge for each and every case and therefore the advice, if given, will not be complete and may even be misleading and inappropriate.

- (g) IP Professionals have Professional Indemnity Insurance. Such insurance provides protection in the event that a client suffers commercial loss in connection with advice on infringement or validity alleged to be incorrect or defective. In the IP Australia proposal, it is unclear that there will be any insurance to cover such situations. If insurance is not in place the public may not be adequately protected.

In addition, if a client should seek recompense in such a situation, then experience has taught us that the time necessary to provide a proper defence is considerable and very disruptive to the day to day activities of the advisor. It is not clear how any defence and time required will be funded by IP Australia, particularly in the light of earlier comments that the user pays.

FICPI Australia also notes that in the interim report it is suggested that it would merely be necessary to train IP Australia examiners in matters relating to infringement in order for them to provide infringement and validity opinions. With respect, this is a dramatic oversimplification of the situation. Although it is true that patent examiners conduct a validity analysis of patent applications in the course of examination this validity analysis is undertaken only in relation to the grounds of examination. A number of grounds of invalidity are available in revocation actions that are not grounds of examination. Furthermore, the process of providing infringement and validity advice is quite distinct to that of examining a patent application and examiners being seconded to the IP Australia infringement and validity opinion service would need to undergo significant retraining under the supervision of experienced patent attorneys or legal practitioners in order to acquire the necessary skills.

**Proposal 3: That IP Australia: (a) establish a register of experts that could be drawn upon for non-binding expert assessment and for mediation; and (b) provide support for expert assessment and mediation services; these functions to be coordinated within the IP dispute resolution centre.**

FICPI Australia is generally supportive of the proposal to establish a register of experts that could be drawn upon for providing non-binding expert assessment and for mediation. As noted in our 1 May 2007 submission we are of the opinion that mediation can be of benefit in some patent disputes. It is for this reason that the Federal Court has the option of recommending mediation in relation to such disputes. While there may be some benefit in having a register of experts with the appropriate experience and expertise available to be drawn upon in cases where mediation may be appropriate, it is difficult to see the advantages associated with an IP Australia administered mediation service over and above the access to independent alternative dispute resolution

specialists that is already available. Further, FICPI Australia questions whether IP Australia would be in a position to provide ADR specialists in a manner that is as cost-effective as those already available and whether this can be done without jeopardising the quality of patent examination.

FICPI Australia also has concerns that mediators provided by IP Australia may not be considered as being adequately independent, given IP Australia's role in examining and granting patents in the first place.

**Proposal 4: That IP Australia establish, within the IP dispute resolution centre, a determinative ADR process in the form of a Patent Tribunal along the following lines: (a) each Tribunal hearing panel to comprise up to 3 people, integrating legal and technical expertise; (b) Tribunal hearing panel members to be drawn from the register of experts established under Proposal 3; (c) patent attorneys to have a right to appear; (d) the Tribunal to have more streamlined procedures and simplified evidentiary requirements; (e) the Tribunal to take a pro-active and inquisitorial role; (f) mechanisms be introduced to encourage parties to comply with the Tribunal's determinations, and to discourage parties from using the courts instead of the Tribunal where it would be appropriate to do so; and (g) that the effectiveness of the Patent Tribunal be monitored from its date of establishment.**

As noted in response to question 14 in our 1 May 2007 submission FICPI Australia is supportive of the establishment of any new independent forum for hearing patent disputes that has the potential to reduce the cost of resolving such disputes. We are therefore supportive of the establishment of a Patent Tribunal for this purpose.

We do seek further clarification, however, as to how such a tribunal would fit within the framework of the courts and as to how users of the patent system would be encouraged to take their disputes to the Patent Tribunal. For example, would parties before the Patent Tribunal need to agree in advance that they would be bound by its decisions?

FICPI Australia agrees with the proposal that effectiveness of a Patent Tribunal should be monitored from its date of establishment.

**Proposal 5: That IP Australia establish a resource which provides information about patent enforcement.**

In response to this item we reiterate our previous submission that some refocusing of IP Australia's activities in terms of education and awareness programs relating to patent infringement may be appropriate. FICPI Australia considers that patentees who have secured their rights through services provided by patent attorneys will be well aware of where the onus lies in relation to patent enforcement. However, there is a need for IP Australia to provide good general information (particularly on its website) for the benefit of less sophisticated users of the patent system relating to the various procedures (and their likely costs) associated with the enforcement of patent rights. We also note, though, that no two patent enforcement situations will be alike and that in all cases there will be a need for parties to seek professional and case specific advice from qualified IP professionals.

**Proposal 6: That (a) the Patents Act 1990 (Cth), and the rules of courts exercising jurisdiction under the Patents Act, be amended to ensure that the Commissioner of Patents is provided with information about the existence and the outcome of all court actions in respect of a patent; and (b) IP Australia provide public access to the information so provided to the Commissioner of Patents, either through or in association with its online searchable databases of patent information.**

FICPI Australia agrees with the proposal that the rules of the courts exercising jurisdiction under the Patents Act should be amended to ensure that the Commissioner of Patents is provided with information about the existence and outcome of all court actions in respect of a patent and that IP Australia will provide public access to this information. We submit that this information should be provided in conjunction with the patent record appearing on the existing AusPat database of Australian patents and patent applications. That is, interested parties or members of the public should not need to search a separate database of litigation outcomes in order to locate this information; it should be provided in conjunction with the other particulars of a patent included on the public record.

**Proposal 7: That IP Australia continue to encourage and assist countries in the region to improve their patent enforcement systems.**

FICPI Australia agrees.

**Proposal 8: That IP Australia expand its advocacy program to other countries in the region in which Australian companies do business.**

FICPI Australia agrees.

**Proposal 9: That the jurisdiction of the lower tier of the Federal Court be expressly stated to include patent matters.**

As noted in answers to questions 14 and 17 provide in our 1 May 2007 submission FICPI Australia is supportive of any new independent forum or procedure for hearing patent disputes that has the potential to reduce the cost of resolving such disputes. In this regard FICPI Australia is supportive of the proposal to either establish a Patent Tribunal or to give jurisdiction for patent matters to the lower tier of the Federal Court.

**Proposal 10: That legislation be introduced to empower Australian Customs officials to seize goods at the border where the rights holder has forewarned them of a shipment of infringing product.**

As noted in our answer to question 34 in our submission of 1 May 2007 FICPI Australia is supportive of a proposal to empower Australian Customs officials to seize goods at the border, in the instance where the patent rights holder has forewarned Customs of the arrival of a shipment of infringing product. We agree that it is appropriate for the Customs seizures powers under the Patents Act to be based on the notice system for trade marks, such that patent owners would be liable for costs and such that the seized products would be released to the importer if the patentee did not bring proceedings for

infringement within a reasonable time (for example 30 days) after being advised by Customs of the seizure.

**Proposal 11: That IP Australia continue to monitor and review the opposition processes both locally and abroad to identify whether there is any convincing reason for change from the pre-grant opposition process.**

FICPI Australia supports the proposal that IP Australia should continue to monitor and review the opposition processes both locally and abroad to identify whether there is any convincing reason for change from the current pre-grant opposition process.

Members of FICPI Australia will be available to discuss any aspect of these submissions.

Yours faithfully  
FICPI AUSTRALIA

A handwritten signature in black ink, appearing to read 'Stephen Krouzecky', with a stylized flourish at the end.

Stephen Krouzecky  
Secretary