



**The Institute of
Patent and Trade Mark
Attorneys of Australia**

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BY E-MAIL TO: jacqueline.carroll@ipaaustralia.gov.au
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Secretariat
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Dear Miss Carroll

ACIP Post-Grant patent Enforcement Strategies Interim Report

We refer to the ACIP Post-Grant Patent Enforcement Strategies Interim Report (“Interim Report”) of August 2009 and thank you for inviting IPTA to make submissions on the Interim Report.

About IPTA

The Institute of Patent and Trade Mark Attorneys of Australia (“IPTA”) is a voluntary organisation representing registered patent attorneys, registered trade mark attorneys and student members in the process of qualifying for registration in Australia. The membership of IPTA includes over 87% of registered patent attorneys located in Australia and it is believed that its members make up more than 90% of registered patent attorneys in active practice in Australia. The membership of IPTA includes registered patent attorneys in private practice along with patent attorneys working in industry and others that practice as barristers. IPTA members represent large local and foreign corporations, SMEs, universities, research institutes and individual inventors. As well as advising clients in relation to the filing and prosecution of patent applications in Australia and overseas, IPTA members also advise their clients in relation to patent enforcement strategies both in Australia and, working with patent attorneys in foreign jurisdictions, overseas.

Introduction

IPTA agrees with conclusions set out in the Interim Report that current patent enforcement strategies are deficient in terms of costs, delays and uncertainty. Whilst ACIP has acknowledged that the cost and delay issues result largely from the practices and processes of the Federal Court in patent litigation matters, these problems have not been addressed in the Interim Report due to the difficulty in government influencing these practices and processes. IPTA still strongly believes, however, that every effort should be made to improve the

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Federal Court procedures rather than create additional and alternate forums for enforcing patents which are likely to have their own problems as set out in further detail in this submission.

IPTA is also of the opinion that a significant reason for the uncertainty in the enforcement process is the relatively low presumption of validity of Australian patents following examination by IP Australia. In recent times, IP Australia has been tending toward less thorough examination of Australian patent applications, thereby likely even further reducing the presumption of validity. To reduce uncertainty, we believe that IP Australia should be focussing on its primary role of conducting thorough examination of Australian patent applications, so as to provide more robust patents with a greater presumption of validity, rather than distracting its focus by providing some of the additional services proposed in the Interim Report.

Submissions

Our submissions on each of the proposals set out in the Interim Report are set out below.

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.

Whilst IPTA has no issue with the proposal for IP Australia to establish an IP dispute resolution centre *per se*, we have some concerns regarding some of the specific functions of this centre as outlined below in response to proposals 2 and 3. If the proposed centre had limited functions only, we would question whether a specific centre with dedicated resources need be established, or whether the limited functions could readily be carried out within IP Australia's current structure.

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.

IPTA questions the need for a validity and infringement opinion service provided by the proposed IP Australia dispute resolution centre and IP Australia's capability to provide the same.

In relation to validity, IP Australia's primary role is to conduct a thorough and robust examination of patent applications prior to grant. However, IP Australia is currently trending towards less thorough and robust examination of patent applications, regularly merely relying on examination of corresponding foreign applications. IPTA is concerned that provision of a separate validity opinion service within the proposed IP dispute resolution centre would further distract IP Australia from its primary role of thoroughly examining patent applications to ensure the grant of robust patents with a reasonable presumption of validity.

Opinions on the validity of granted patents are already available from qualified IP professionals who are better able to engage with their clients to proactively investigate serious validity issues which may end up in revocation proceedings before the Federal Court, engaging the assistance where necessary of third parties such as persons skilled in the art and commercial investigators where appropriate. It is expected that any validity opinion service provided by IP Australia would very much be limited to searchable patent literature or other information provided in a submission by the person requesting the opinion service. Without the assistance of an IP professional in preparing a suitable submission for the proposed centre to consider in preparing its validity opinion, it is expected that in many cases the information provided would not be sufficient for a proper validity assessment. If a qualified IP professional were to prepare the appropriate submission, they might as well provide the opinion.

A validity opinion service for granted patents is also already available from IP Australia in the form of re-examination. It is not clear as to how the proposed validity opinion service would differ in scope from the current re-examination service. With the current re-examination service being used only rarely, it is expected that a new validity opinion service would similarly be seldom utilised, as has been the experience with the UK IPO's opinion service.

It is also not clear as to what follow-up action would be taken if the proposed IP dispute resolution centre issued a validity opinion indicating that certain claims of the patent being considered are invalid. With the Commissioner of Patents effectively becoming aware of matters affecting the validity of the patent by way of the opinion provided, the Commissioner would presumably next conduct re-examination of the patent in accordance with Section 97(2) of the *Patents Act*. Even if the Commissioner did not decide to re-examine the patent, the person that had requested the validity opinion may request the Commissioner to conduct such a re-examination, obliging the Commissioner to do so. The validity opinion service would thus merely create an additional layer in the process for no real benefit.

Regarding the infringement aspect of the proposed service, IPTA has concern as to the expertise of IP Australia to provide such a service. Patent Office Examiners currently have no expertise in this area. Whilst they could perhaps be trained, it is expected there would not be sufficient use of the service for Examiners to obtain and maintain the necessary expertise. Further, the provision of a description of the product or process in question, as proposed in the Interim Report, in many cases would not be sufficient to enable a full and proper infringement assessment. In many cases samples of infringing products need to be analysed or tests conducted in relation to infringing products or processes. Infringement opinions are more appropriately provided, as is currently the case, from suitably qualified IP professionals whom are able to better and more deeply engage with their clients to make the necessary investigations and procure the necessary information to enable provision of an appropriate infringement opinion.

The proposed validity infringement opinion service also raises issues of privilege, which would presumably not be afforded to communications with the IP dispute resolution centre.

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 co-ordinated within the IP dispute resolution centre.

IPTA supports the proposal for IP Australia to have a role in facilitating mediation and expert assessment, without such a role going so far as IP Australia staff acting as mediators and expert assessors.

Whilst it has been proposed that IP Australia would provide accommodation for mediation and expert assessment meetings, IPTA expects that this may no longer be feasible with the pending closure of IP Australia's sub-offices in each capital city.

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.

IPTA has concerns with the likely effectiveness of the proposed Patent Tribunal, and is particularly concerned that the non-binding nature of the proposed ADR process of the Tribunal would result in it having very little value.

IPTA expects that, whilst there may be a proportion of cases in which the Tribunal's determination would be accepted by the parties as stated in the Interim Report, this proportion may well be quite low. For the remaining proportion, which would be expected to be quite high, the Tribunal would merely add to delays and costs, with subsequent Federal Court action being required to provide a binding determination. Accordingly, in what is expected to be a large proportion of cases, the Tribunal would merely add to the current problems of delay and costs experienced in the patent enforcement process.

Whilst we note that ACIP believes it would be possible to introduce mechanisms that encourage parties to accept determinations of the Patent Tribunal, IPTA has reservations as to whether this in fact would be the case. Whilst the courts are already empowered to award additional damages under S. 122(1a) (e), to encourage parties to accept determinations of the Patent Tribunal, this could only provide encouragement to parties found to infringe a patent. Damages are not awarded against patentees and hence there would be no encouragement for patentees to accept a decision finding that a patent is either invalid or not infringed.

With the proposed ADR process conducted by the Patent Tribunal being non-binding, IPTA queries what further action would be taken if the Patent Tribunal were to find a patent to be invalid. Presumably the Patent Tribunal would not be empowered to revoke such an invalid patent, given the non-binding nature of the process. Uncertainty would thus remain if such a patent that was found to be invalid remains in force. Again, it would seem that re-examination might be necessary to enable a patent to be revoked. This would again result in further costs and associated delays.

The quality of decisions that would issue from the Patent Tribunal would be expected to be of significantly lower quality than that before the courts. It is expected that any hearing panel would be much less qualified to judge infringement and validity matters than a Federal Court Judge with experience in IP matters. With simplified evidentiary requirements, the standard of evidence would also likely be much lower than that before the Federal Court, again providing for lower quality decisions.

With the likelihood of lower quality decisions, it would seem unreasonable in many cases to expect a party to an action before the Patent Tribunal to accept a non-binding decision that is adverse to its interests. Federal Court action would thus likely follow, further increasing costs, delays and uncertainty.

If a non-binding decision of the Patent Tribunal was that a patent was not infringed and/or invalid, the Patent Tribunal would effectively be inviting the allegedly infringing party to continue their commercial activities which initially prompted the infringement action before the Patent Tribunal. It would then be open to the patentee to commence infringement proceedings before the Federal Court at any subsequent time throughout the life of the patent, exposing the allegedly infringing party to potentially significant damages over the intervening period. This could well be sufficient to destroy the very SMEs that the Patent Tribunal is designed to assist.

Proposal 5

That IP Australia establish a resource which provides information about patent enforcement.

IPTA strongly agrees with the proposal that IP Australia provide general information and education on patent enforcement. General education on intellectual property is an important function of IP Australia and enforcement currently constitutes a gap in its education offerings.

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.

IPTA strongly agrees with this proposal, which will provide much simpler access to the public of information regarding the existence and outcome of relevant court actions.

Proposal 7

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

IPTA fully agrees with this proposal.

Proposal 8

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

Whilst IPTA generally agrees with the aim of this proposal, we are concerned that IP Australia is not qualified to provide advice on IP matters in other countries, potentially resulting in inaccurate and incomplete advice. We are also concerned that advice may not regularly be kept up to date. IPTA believes that it may be dangerous for anybody to rely on the generic and potentially inaccurate and out-of-date advice given without seeking professional advice. A little bit of information can often be dangerous.

An example of inaccurate advice provided in IP Australia's current advocacy programme that could potentially be quite dangerous is the advice provided on the IP Australia website in the paper regarding patents and utility models in Japan entitled "Patents and Utility Models". This paper provides Australian companies with advice on how to obtain patent protection in Japan. The advice states that:

"foreign applicants are required to submit patent or utility model applications in Japan through a patent attorney or agent. You do not need to use a Japanese agent if you are using the PCT system".

The advice thus effectively encourages Australian companies to enter the Japanese national phase of PCT applications themselves without utilising the services of a Japanese agent. This

