

**GOVERNMENT RESPONSE TO THE ADVISORY
COUNCIL ON INTELLECTUAL PROPERTY
RECOMMENDATIONS**

Should the jurisdiction of the Federal Magistrates Service be extended to include patent, trade mark and design matters?

Recommendations	Government Response
<p><i>Recommendation 1.1</i></p> <p>The jurisdiction of the Federal Magistrates Service should be extended to include patent, trade mark and designs matters.</p>	<p>Accept that specific jurisdiction be conferred on the Federal Magistrates Court in trade mark and design matters.</p> <p>The <i>Jurisdiction of the Federal Magistrates Court Legislation Amendment Act 2006</i> gives the Federal Magistrates Court jurisdiction where a matter in which it does not otherwise have jurisdiction is transferred to it by the Federal Court or the Family Court. This will enable the Federal Court to transfer proceedings under the <i>Patents Act 1990</i> to the Federal Magistrates Court where those proceedings are suitable for resolution by a federal magistrate.</p> <p>The Federal Magistrates Court is intended to be a high volume jurisdiction established to deal with simpler and shorter cases. Patent cases are generally longer than trade mark and design cases. Therefore, the Government recommends that further consideration be given to conferring the Federal Magistrates Court specific jurisdiction in patent related disputes in the light of experience gained in the implementation of the recommendations for trade marks and designs, and the operation of the transfer mechanism in the <i>Jurisdiction of the Federal Magistrates Court Legislation Amendment Act 2006</i>, over a period of two years from implementation of the recommendations.</p> <p>The Plant Breeder's Rights Office was transferred to IP Australia from the Department of Agriculture, Fisheries & Forestry on 10 December 2004. ACIP's review occurred before this transfer took place, and thus ACIP did not consider plant breeder's rights in its report. It could be argued that plant breeder's rights should be included with the other IP matters in this extension of the</p>

	<p>Federal Magistrates Court's jurisdiction. However, no consultation has occurred with affected parties, and there is a lack of quantitative data about the number and cost of cases coming before the courts in relation to plant breeder's rights. In addition, no consideration has been given to whether there are issues specific to plant breeder's rights matters that could be affected by such a change.</p> <p>The Government therefore does not intend to extend the jurisdiction of the Federal Magistrates Court to include plant breeder's rights matters at this time.</p> <p>The Government will monitor the situation. It may be appropriate in the future to further extend the jurisdiction to include PBR matters, once the necessary consultation and consideration has occurred.</p> <p>An earlier ACIP report, "<i>Review of Enforcement of Industrial Property Rights</i>" recommended amending the <i>Patents Act 1990</i> to remove the jurisdiction of state and territory supreme courts to revoke a patent. The Government agreed, and amendments will be made in conjunction with these recommendations.</p>
<p><i>Recommendation 1.2</i></p> <p>The jurisdiction of the Federal Magistrates Service should be concurrent with the jurisdiction of the Federal Court of Australia in patent, trade mark and design matters</p>	<p>Accept, except that jurisdiction under the <i>Patents Act 1990</i> (Cth) be conferred only where the Federal Court transfers a matter to the Federal Magistrates Court, for the reasons given in response to Recommendation 1.1.</p>
<p><i>Recommendation 1.3</i></p> <p>An appeal from a decision of the Federal Magistrates Service in relation to patent, trade mark and design matters should be to the full court of the Federal Court of Australia.</p>	<p>The existing provisions for appeals from the Federal Magistrates Court to the Federal Court already provide for this.</p> <p>The rationale provided by ACIP for this recommendation is that it will avoid concerns that the expansion of the jurisdiction of the FMC to IP matters may create an additional layer of judicial decision-making, leading to more costs and delay for litigants.</p> <p>The Government considers that existing appeal mechanisms should apply. Under s 25(1A) of the <i>Federal Court of Australia Act 1976</i> (Cth) an appeal to the Federal Court from the Federal Magistrates Court is to be heard by a Full Court unless the Chief Justice considers that it is appropriate for it to be heard by a single Judge. S</p>

	<p>24(1AAA) prevents an appeal being brought to the Federal Court from a judgement of the Court constituted by a single Judge exercising the Court's appellate jurisdiction.</p> <p>Thus, under the existing provisions, the expansion of the jurisdiction of the FMC to IP matters would not add an extra layer of judicial decision-making.</p> <p>The Government therefore does not believe that there is any reason to change the existing appeal provisions.</p>
<p><i>Recommendation 1.4</i></p> <p>Provision should be made to enable patent, trade mark and design matters to be transferred between the Federal Magistrates Service and the Federal Court of Australia where it becomes apparent to the Court in which the matter is brought that it could be dealt with more appropriately by the other Court.</p>	<p>The <i>Jurisdiction of the Federal Magistrates Court Legislation Amendment Act 2006</i> enables the Federal Court to transfer patent, trade mark and design proceedings to the Federal Magistrates Court.</p> <p>Section 39 of the <i>Federal Magistrates Act 1999</i> enables the Federal Magistrates Court to transfer a proceeding to the Federal Court.</p>
<p><i>Recommendation 1.5</i></p> <p>A decision made by a Federal Court Judge or a Federal Magistrate, on a request by either party to a dispute to transfer a matter to another court, should not be appellable.</p>	<p>Accept.</p> <p>This recommendation is consistent with the current provisions of the relevant legislation (s39 of the <i>Federal Magistrates Act 1999</i> and s32AB of the <i>Federal Court of Australia Act 1976</i>) in relation to non-IP matters</p>
<p><i>Recommendation 1.6</i></p> <p>In addition to the Federal Magistrates Service building on and expanding its own expertise in IP matters, ACIP recommends that magistrates with IP expertise be appointed to the Federal Magistrates Service at an early stage.</p>	<p>Accept in principle.</p> <p>The Government will take into consideration the need for magistrates with IP expertise when making new appointments.</p>

<p><i>Recommendation 2.1</i></p> <p>The Federal Magistrates Service and the Federal Court of Australia should be encouraged to ensure that they continue their Court practices and procedures to encourage active case management of disputes involving patent, trade mark and design matters to ensure matters are resolved without unnecessary delay.</p>	<p>These are matters for the Federal Magistrates Court and the Federal Court to consider.</p> <p>However, the Government encourages the Courts to continue to streamline the process for all parties involved.</p>
<p><i>Recommendation 2.2</i></p> <p>The Courts should be encouraged to continue to streamline their practices and procedures and, in particular, to take measures that may include:</p> <ul style="list-style-type: none"> • using their existing powers and penalties more effectively to assist in reducing unnecessary, excessive or extravagant grounds and evidence being filed with the courts, particularly where those grounds and evidence are not relied upon by the party at trial; • using court-appointed experts to assist the courts, particularly with technical aspects of patent cases; • encouraging the use of expert witnesses by the parties early in the process to refine the technical issues genuinely in dispute; • considering having expert witnesses give evidence together; • encouraging expert witnesses to reach agreement as early as possible on core technical issues genuinely in dispute, and upon those technical issues not in dispute; • limiting expert witnesses, where appropriate to do so, to one expert witness per issue; • requiring parties to provide a comprehensive outline of their cases at the first directions hearing; • setting a trial date and a timetable for discovery, affidavit evidence etc at the first directions hearing; • limiting unnecessary or prolonged discovery; • that discovery be the exception 	<p>These are matters for the Federal Magistrates Court and the Federal Court to consider.</p> <p>However, the Government encourages the Courts to continue to streamline the process for all parties involved.</p>

<p>rather than the rule;</p> <ul style="list-style-type: none"> • requiring comprehensive written submissions on fact and law and a reading list of key documents well in advance of the commencement of the trial; • requiring counsel to confine oral submissions to the outline of issues covered in the written submissions; and • intervening in relation to cross-examination and not tolerating lengthy and/or unnecessary cross-examination 	
--	--

<p><i>Recommendation 3.1</i></p> <p>The Federal Magistrates Service and the Federal Court of Australia should be encouraged to require parties involved in patent, trade mark and design matter disputes to take part in Alternate Dispute Resolution (ADR) processes in the early stages of the dispute process, and where appropriate, at first directions hearing.</p>	<p>These are matters for the Federal Magistrates Court and the Federal Court to consider.</p> <p>However, the Government encourages the Courts to continue to streamline the process for all parties involved.</p>
<p><i>Recommendation 3.2</i></p> <p>The Federal Magistrates Service and the Federal Court of Australia should be encouraged to use ADR processes in conjunction with existing court processes and should not allow the parties to use the ADR processes to create unnecessary delays or increase the financial burden on opponents.</p>	<p>These are matters for the Federal Magistrates Court and the Federal Court to consider.</p> <p>However, the Government encourages the Courts to continue to streamline the process for all parties involved.</p>
<p><i>Recommendation 3.3</i></p> <p>Mediators experienced and knowledgeable in IP matters should be appointed to manage dispute resolution processes in IP cases.</p>	<p>These are matters for the Federal Magistrates Court and the Federal Court to consider, to the extent that the mediators are Court-appointed.</p>

<p><i>Recommendation 4</i></p> <p>The Federal Court of Australia and the Federal Magistrates Service should be encouraged to:</p> <ul style="list-style-type: none"> • implement education processes to inform the relevant IP professions as to changes to court rules and how they might best utilise the system; • actively educate all parties, and particularly disputing parties, on the use of alternate dispute resolution mechanisms to resolve IP matters; and • undertake a continuing and open dialogue with the IP professions to help advise on ways that the process and procedures involved in IP litigation might be streamlined to help reduce costs, time, complexity and uncertainty of outcome. 	<p>These are matters for the Federal Magistrates Court and the Federal Court to consider.</p> <p>However, the Government encourages the Courts to continue to streamline the process for all parties involved.</p>
<p><i>Recommendation 5</i></p> <p>ACIP recommends that IP Australia contract a research study, by an appropriate research body such as the Intellectual Property Research Institute of Australia (IPRIA), into the measures used by Australian SMEs to enforce their IP rights. The study should include the extent of, and reasons why, some SMEs do not pursue the enforcement of their rights. The study, or additional research, should also examine the handling of IP litigation by the Australian courts over recent years, and particularly the handling of patent cases, to identify trends and impacts.</p> <p>If recommendation 1.1 is accepted, ACIP recommends that there be a review three years after the extension of the FMS jurisdiction to evaluate whether the extension of jurisdiction has achieved the original objectives and to identify any further steps that may be appropriate.</p>	<p>Accept.</p>