



ADVISORY COUNCIL ON INTELLECTUAL PROPERTY

DISCUSSION PAPER

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

JULY 2002

1. **Background**

The Advisory Council on Intellectual Property (ACIP) is a government appointed body, which advises the Federal Minister for Industry, Tourism and Resources on intellectual property matters and the administration of IP Australia. The Hon Warren Entsch, MP Parliamentary Secretary to the Minister for Industry, Tourism and Resources has responsibility for patent, trade mark and design matters within the portfolio.

Over the past ten years there have been a number of calls from interest groups and through government reviews to have intellectual property (IP) matters heard by a Federal inferior court structure. The report of the Intellectual Property and Competition Review (September 2000) in fact recommended *'that the Federal Magistracy be used as a lower court for the patent system, particularly for matters relating to the innovation patent.'*

In early 2001, Parliamentary Secretary Entsch requested that ACIP consider and report on whether any practices and procedures relating to the enforcement of patents, trade marks and designs in Australia could appropriately be referred to the Federal Magistrates Service.

ACIP commenced its Review in July 2001 by preparing an Issues Paper which was circulated to interest groups in order to stimulate public discussions. A number of written submissions were made in response to the paper and a series of consultations were held with interested parties including the Institute of Patent and Trade Mark Attorneys, the Law Council of Australia, the Federal Court of Australia and the Federal Magistrates Service.

It is clear to ACIP from the submissions and consultations received to date that there is a strong divergence of opinion as to whether the jurisdiction of the Federal Magistrates Service should be extended to include patent, trade mark and design matters. In fact there are differing views as to the nature and extent of any difficulties with the current system and the potential solutions which could be offered to IP rights holders. As a consequence, ACIP believes that to achieve the best outcome from this inquiry, it should circulate this discussion paper and invite interest groups and right holders to comment.

Interested parties may provide comments in two ways, firstly by providing written submissions to the contact details below and secondly, by taking part in an open forum discussion session to debate issues and potential solutions. Interested parties may chose to contribute in either, or both, ways.

Written submissions should be provided to the address below by **30 August 2002**.

Open-forum seminar discussions will be held in **Melbourne in October 2002**, on a date to be confirmed.

Please contact the Secretariat by **16 August 2002** to register your interest in attending and participating in the seminar.

Secretariat contact details:

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Submissions may be made in electronic form or in hard copy. Unless marked confidential, all submissions will be made public and may be placed on the ACIP website at (<http://www.acip.gov.au>). The Committee's preference is for submissions to be made public; confidentiality should be reserved for material whose disclosure would be genuinely prejudicial to the party making the submission.

Based on responses to this Discussion Paper and the discussion seminar, ACIP expect to be able to report to Parliamentary Secretary Entsch later this year.

Executive Summary

ACIP has been asked by the federal government to consider whether the jurisdiction of the Federal Magistrates Service (the 'FMS') should be extended to include patent, trade mark and design matters. The request has arisen from a number of submissions to the government over time which contend in particular, that the current court system is failing to provide an effective enforcement mechanism for IP rights holders, particularly SMEs and individuals. The submissions identify several concerns with the current system:

- The high cost of seeking relief from the courts, which can dissuade parties from accessing the system, particularly in relation to products with modest returns.
- The complicated and sometimes protracted nature of court procedures.
- The unpredictability of court decisions, which adds a high degree of uncertainty to the process.
- The lack of a viable alternate dispute resolution mechanisms for IP rights holders.

It is claimed that these factors influence the decision of potential IP rights owners as to whether to initially seek to obtain IP rights and later to enforce them. ACIP notes that the issues raised are not necessarily peculiar to intellectual property.

There is a significant national economic impact if IP rights holders perceive that the Australian IP system is weak because rights cannot be effectively enforced. A strong IP system ensures that Australian enterprises continue to compete on a domestic level, by encouraging investment and innovation, and ensuring they are in a position to compete on a global level, by encouraging investment and technology transfer.

ACIP has undertaken preliminary consultations with parties who are experienced in dealing with enforcement of IP rights through the current court processes (and by other means). This process has revealed some fundamental differences of opinion as to what the problems are and what may be the potential remedies. Given the wide divergence of views, ACIP would like to focus the discussion on the specific areas of contention.

- a. Is the current court system failing to provide an effective enforcement mechanism for IP rights holders? If so, what are the concerns with the current system?
- b. Would extending the jurisdiction of IP matters to the FMS address these concerns? What IP matters would/would not be appropriate for the FMS?
- c. To what extent is the current system succeeding in meeting the needs of IP rights holders? How could the current system be improved?
- d. Are alternate dispute resolution mechanisms relevant to IP matters? Are there opportunities to utilise or extend alternate dispute resolution mechanisms in relation to IP matters?

- e. Is a multi faceted solution appropriate? (ie: extension of jurisdiction to the FMS, improvement of the current court system and increased access to alternate dispute resolution mechanisms?)

Scope of review

2.1 Terms of reference

To consider and report on whether some practices and procedures, including administrative procedures, to obtain, defend and enforce intellectual property rights relating to patents, trade marks and designs in Australia are appropriate to be referred to the Federal Magistrates Service.

2.2 Relevant legislation

It should be noted at the outset that although IP rights extend beyond patents, trade marks and designs, this paper and ACIP's review is only concerned with those rights. That is, ACIP's review is only concerned with matters arising under the *Patents Act 1990*, the *Trade Marks Act 1995*, the *Designs Act 1906* and relevant regulations.

[NB: The designs legislation is currently in the process of transition with a new act expected to come into effect later this year, therefore ACIP will consider and refer to the design legislation more in principle rather than detail.]

2.3 Related reviews

The report of the Intellectual Property and Competition Review (IPCR) *Review of intellectual property legislation under the Competition Principles Agreement*, September 2000, recommended that the Federal Magistracy be used as a lower court for the patent system, particularly for matters relating to the Innovation Patent (Recommendation 23). This built on a recommendation made in an earlier review by the Advisory Council on Industrial Property, in its *Review of the Petty Patent System*.

The Government released its response to the IPCR report on 28 August 2001. With regard to recommendation 23, the Government deferred its response, and asked ACIP to consider this issue in more detail. The response noted "issues to consider include whether the volume of patent cases would justify specialist magistrates and, given the complexity of many patent cases, the difficulties in finding magistrates with the appropriate expertise in IP matters".

The report of the Advisory Council on Intellectual Property (ACIP) *Review of Enforcement of Industrial Property Rights*, March 1999, made a number of recommendations aimed at reducing the uncertainty regarding the outcomes of patent enforcement actions.

The Government responded to this report on 28 August 2001 and a number of the recommendations address the judicial system.

Recommendation 1 (E): IP Australia work with the Australian Institute of Judicial Administration to develop IP awareness programs for the judiciary.

Government Response: IP Australia will work with the Australian Institute of Judicial Administration to develop awareness programs.

Recommendation 6: Amend the Act to remove the jurisdiction of state and territory supreme courts to revoke a patent.

Government Response: Accept.

Recommendation 6: Encourage the Federal Court to promote further specialisation of IP judges, with initiatives including; specialist judges sitting in interstate where there is not a specialist judge in the registry; and programs to assist specialist judges keep up to date with international trends.

Government Response: Accept in principle. The Government will ask that the issue be drawn to the attention of the Federal Court. The part of the recommendation concerning education of judges should be tied in with recommendation 1(E) above.

The government response to the recommendations of these two reports can be viewed at <http://www.ipaustralia.gov.au/NEWS/archive.htm>

2.4 Enforcement

The 'enforcement' of intellectual property rights is often thought to be synonymous with litigation, however, it in fact encompasses a much broader range of actions. There are a number of legal, administrative and commercial strategies which can be used to enforce or defend an intellectual property right or to test its validity. These include pre-grant opposition, warning letters, commercial negotiations, licensing negotiations, alternate dispute resolution mechanisms, mediation and litigation.

For the purpose of this paper, enforcement of intellectual property rights refers to actions prescribed in the patents, trade marks and designs legislation as they relate to pre and post registration adjudication actions, including administrative procedures, to obtain, defend and enforce intellectual property rights, or test their validity.

3. Preliminary consultations and submissions.

ACIP prepared an Issues Paper in July 2001 and circulated it to interest groups in order to stimulate public discussion. [Copy at Attachment A]. ACIP invited and received written submissions and undertook consultations sessions with interested parties. [List of participants is at Attachment B]. The aim of these preliminary consultations was to enable ACIP to better identify and understand how those who are involved in the IP rights enforcement processes perceive enforcement issues and whether they see a need/benefit to confer IP jurisdiction on the Federal Magistrates Service.

This Discussion Paper has been developed in the light of the above consultations and ACIP's own consideration of the issues.

4. Issues raised during the preliminary consultations

ACIP greatly appreciates the interest and responses of the contributors to this inquiry.

ACIP acknowledges that the problems and issues reflected in submissions and consultations with respect to civil litigation processes are not necessarily peculiar to the enforcement of IP rights.

There is general agreement amongst parties that the ideal and effective enforcement system should be quick, reasonably priced, accessible to all and provide certainty of result.

The submissions and consultations to ACIP revealed a divergence of views in terms of perceived issues and what might be the appropriate remedies. Responses were received both in support and opposed to the extension of jurisdiction. In general, the legal profession saw little need to expand jurisdiction, whereas the patent attorney profession generally felt this was desirable, albeit, in concert with other procedural changes.

The thrust of arguments from the legal profession is that the system is working well and there is little need to expand jurisdiction, although, some polishing of the existing system could be undertaken. The basic thrust of the patent attorney profession is that there is a need for change, based largely on its experience that the current system is beyond the reach of many SMEs and this in turn affects innovation, confidence in the Australian legislative framework and the Australian economy.

It would seem that the respective views are determined by the relevant experiences of the professions. Lawyers work with the system day in and out, they are in tune with legal developments, including the advances that have been made in the streamlining of case management at the Federal Court level. They are also in tune with the injustices that may arise from deviating from present case management processes such as discovery and by the introduction of more radical interlocutory steps. The profession's position is shaped by its experience of representing those who can and do access the present system, for those for whom the system is working relatively well although, acknowledging the need for improvements.

Notwithstanding this, ACIP is aware that even IP litigants successful in their litigation are unhappy with the cost, both in terms of legal costs, time taken to determine the issues, time expended by personnel and distraction to the business.

On the other hand, patent attorneys are more often in daily contact with smaller operators and individual inventors. Anecdotally, for many SMEs that derive small returns from their IP, the cost of accessing the current system often results in them not taking action to enforce their rights. As a result it could be argued there is a loss of confidence in the IP system in this country with a subsequent effect upon innovation and the Australian economy. The number of dissuaded litigants is by its very nature, impossible to specify in numerical terms.

The target group which is the focus of this Discussion Paper is the SMEs who are having trouble accessing the system because of perceived delay in the outcome, uncertainty of outcome and the cost

The principal issues raised during the preliminary consultations are summarised below.

4.1 How are IP rights currently enforced in Australia?

4.2 Is the current IP enforcement system working?

4.2.1 What are the essential features of a strong IP system?

4.2.2 The case for maintaining the status quo for current IP enforcement system

4.2.3 The case for changing the status quo - what are the negative aspects of the current IP enforcement system?

4.3 How could the current IP system be improved - what are the options?

4.4 Federal Magistrates Service

4.4.1 Nature and objectives

4.4.2 Current jurisdiction

4.4.3 Constitutional issues relating to [broadening jurisdiction to include IP matters]

4.4.4 [Requirements] for IP jurisdiction

4.4.4a Expertise of Magistrate

4.4.4b 'Complexity' of IP matters

4.4.4c Cost and time

4.5 Improve/update the current system

4.5.1 Current practices of the Federal Court of Australia

4.5.2 High Court of Chancery

4.5.3 Cost and time

4.6 Alternate Dispute Resolution

4.6.1 Mediation

4.6.2 Cost and time

5 The Way Forward

4.1 How are IP rights currently enforced in Australia?

Enforcement of IP rights encompasses a wide range of legal, administrative and commercial actions and processes. Moreover, different parties to the same action may view it in a very different light. The enforcement process may occur at the pre or post grant stages of IP rights.

Generally, the enforcement of IP rights involves either the owner of the rights taking action to compel others to respect them; or third parties taking action to challenge the validity or scope of any rights that others are seeking to claim or use.

Possible actions may include threats and unsubstantiated actions – a process whereby IP right owners notify ‘infringers’ in the hope that sabre rattling will induce the other party to back down. If this approach is unsuccessful, the owner may have to investigate the possibility of civil litigation through the courts.

Taking a matter to a civil court will involve costs and some risks for the parties. Evidence of infringement or of participation in infringing activities may be difficult to obtain. Furthermore, the defendant may have resources to extend the matter through several hearings and appeals, particularly by challenging the validity of the rights that the plaintiff claims to possess, in the hope that the plaintiff’s resolve and/ or bank balance will weaken.

Strategies other than direct litigation may be available for the enforcement of rights. One approach is for the individual owner to put his or her claims in the hands of a body or enterprise with the resources to secure payments from licensees or mount effective action against infringers. Another relates to the contractual arrangements by which IP is licensed for exploitation – for example, an IP right owner can transfer responsibility for pursuing infringement to a licensee under a licence agreement. Another option is for the parties to a dispute to pursue alternate dispute resolution processes such as mediation.

Anecdotal evidence provided by the patent attorneys suggests that many parties, and particularly SMEs, choose not to pursue their action in the courts either because the potential costs of such an action are prohibitive or the overall returns from their IP rights may not be sufficient to justify the costs involved in such an action.

This discussion is primarily focussed on the enforcement processes that fall under the statutory provisions governing the jurisdiction of courts to hear actions or appeals arising out of the various intellectual property systems. These can be classified as civil, criminal or administrative proceedings.

(a) Civil proceedings

As a general rule civil proceedings under the patent, trade mark and design statutes may be commenced in a ‘prescribed court’ defined to mean the Federal Court or the Supreme Court of a State or Territory. See Attachment C for list of actions.

Proceedings may be transferred between prescribed courts and their jurisdiction is exercised by a single judge.

An appeal from any of these proceedings lies to the Full Court of the Federal Court or, by special leave, directly to the High Court.

(b) Criminal proceedings

Under the patents, trade mark and designs legislation criminal prosecutions are specifically prohibited from being commenced in the Federal Court and must therefore be initiated in a State Court.

(c) Administrative

Under the patent trade marks and designs legislation, administrative bodies, such as the Commissioner of Patents are empowered to make various decisions as to the creation, subsistence and compulsory licensing of rights as well as on matters such as the right to intervene or the extension of time limits.

Where appeals are provided from these decisions, they lie to the Federal Court and in turn with leave, to the Full Court of the Federal Court.

The statutes also confer on the Administrative Appeals Tribunal (AAT) the power to review certain of the decisions. See *Patents Act 1990* s 224, *Trade Marks Act 1995* ss 175, 180, 224, 227 and *Designs Act 1906* s 40(K). The role of the AAT is to review the merit of decisions, and not to adjudicate rights.

Any decision of an administrative character may be reviewed by a judge of the Federal Court under the Administrative Decisions (Judicial Review) Act 1977 (Cth) under one of the grounds for review set out in ss 5-7. Judicial review may also be sought in the same court under s 39B of the Judiciary Act 1903 (Cth).

4.2 Is the current IP enforcement system working?

4.2.1 What are the essential features of an effective IP system?

Effective enforcement of rights is a crucial feature of a strong IP system. If owners of IP rights cannot enforce them in a speedy and cost efficient manner and with certainty of outcome, then the IP system is significantly devalued. Businesses will only invest in developing innovations protected by IP rights if they are confident about the rights they hold and the efficient and effective outcomes of enforcement decisions relating to those rights. Furthermore, they need to be confident that the enforcement and testing of rights is undertaken within a reasonable time scale and at a reasonable cost to parties.

A strong intellectual property system is central to building a strong national innovation system which in turn plays an important role in the Australian economy. IP promotes research and development through helping to better capture returns from commercialising Australian ideas and products. The emergence of knowledge based economies and globalisation has greatly increased the importance of IP to the point where effective protection and management of intellectual property is an integral part in both successfully commercialising innovation and contributing to national economic performance.

The costs of an ineffective enforcement system are not only borne by the commercial enterprises engaged in dispute, but the costs are also borne by society at large. An ineffective enforcement system is likely to result in a less than optimal level of innovation, a reduced transfer of technology and a consequent reduction in economic growth.

At a national level Australia must meet treaty obligations to provide enforcement procedures under the Trade Related Aspects of Intellectual Property (TRIPS) agreement. At a business level effective enforcement is essential to give owners of intellectual property rights the confidence to invest in the commercial development of the inventions or ideas covered by those rights. This confidence depends on business having some certainty about enforcement outcomes so that it can make rational decisions on longer term capital investment.

Enforcement procedures must also be efficient to minimise the cost and delay to business. Protracted enforcement action diverts time, money and resources which could be used more productively elsewhere in the business. Enforcement costs can represent a significant proportion of the resources that a business can commit to the development and commercialisation of an innovation.

The perception of enforcement procedures also influences the willingness of potential users to seek protection of intellectual property rights. If people believe that rights cannot be protected or that protection will be costly and uncertain, they will be unlikely to use the intellectual property system.

Recent developments overseas have highlighted the growing emphasis on the need for effective enforcement procedures by business. In part this is due to the growing importance of intellectual property rights in commercial and technological development and competitiveness. The increasing level of damages awarded in international and US infringement cases reflect this view of the importance and value of intellectual property rights.

Over the past 10 years there have been repeated calls from interest groups, individual right holders, businesses and through government reviews to have intellectual property (IP) matters heard by a Federal inferior court structure such as a federal magistracy. It is believed that this would provide a faster, cheaper and fairer alternative adjudication of IP disputes than the present Federal Court system.

4.2.2 The case for maintaining the status quo for current IP enforcement system

The LCA is generally of the view that the current system is working reasonably well but could be improved in various procedural aspects. The LCA believes that the implementation of these procedural reforms would go a long way toward redressing the concerns of SMEs without any of the obvious defects and dangers of more radical proposals.

Discussions with the Federal Court revealed that the court actively engages in case management through its current practices and procedures including its individual docket

system. The Court has the ability to draw on a panel of judges with expertise in IP. The Court believes it is well placed to ensure IP cases are heard by a judge with appropriate expertise. The judges on the IP panel, to which all IP cases in Melbourne and Sydney are allocated, actively maintain and increase their IP expertise through personal research and reading, and monthly “in-house” seminars in which one of the members of the Judges Intellectual Property Panel leads the discussion. Furthermore, the Court has processes in place to ensure judges are kept well informed on IP matters through other regular IP presentations and seminars. The Court sees the desire for less expensive and speedier resolution of Intellectual Property disputes as a desire applicable to all classes of litigation in all courts. The Federal Court noted that in the Intellectual Property area one contributing factor to a relatively quick and therefore less costly resolution is some familiarity with the area on the part of the decision-maker.

Several respondents raised concern that a similar level of IP expertise could not be expected to reside within the FMS. The submissions expressed concern that the FMS is not established as a court with specialist expertise, in fact the contrary. As a result concerns about lack of expertise may deter would be users from bringing matters before the FMS.

4.2.3 The case for changing the status quo - what are the negative aspects of the current IP enforcement system?

The submission from the patent attorney profession submission noted that the high cost of IP litigation has been a matter of concern for the profession for a great many years. Since the mid -1980s at least, the Institute of Patent and Trade Mark Attorneys of Australia (IPTA) has been active in advancing and supporting proposals aimed at reducing costs in IP matters. The suggestion to use the FMS for IP matters has been broadly proposed by the Institute in several forums as it "believes an opportunity exists to greatly assist the Australian inventor, small and medium business".

The Institute stated in its submission that "it will often be the case that an IP owner will discuss enforcement issues with a member of the Institute before approaching any other qualified adviser. Members of the Institute are therefore exposed to the circumstances of many IP conflicts that go no further because the IP owner is discouraged by the prospect of great expense and substantial delay in pursuing the matter through court proceedings. “

This issue has been raised in other submissions and during the consultation process. Unfortunately, ACIP has only been provided with anecdotal evidence with which to consider this question. ACIP recognises the difficulty in providing statistical evidence in support of the argument.

IPTA sees cost as the major disincentive for owners of IP rights seeking to protect and/or enforce those rights. The overall costs include both direct costs (legal fees) and indirect costs arising out of the diversionary influence of litigation. Litigation places a substantial strain on the ability of the individual or small business owner of IP rights to conduct commercial activity that forms the lifeblood of the business. The time demands placed on executives and staff of any business involved in IP litigation can be daunting, and the cost impact of that

increases in proportion to the amount of court time required to deal with disputed. Again individuals and small businesses are the hardest hit.

IPTA also says in its submission "there is however, another matter that impacts on the decision as to whether or not to institute legal proceedings, and that is the predictability of the results. In saying that, we acknowledge that many disputes that go before the court involve some degree of uncertainty, particularly in the fact situation. It is that uncertainty which inspires the parties to seek the decision of an umpire. The predictability problem we refer to goes further, and arises out of the inconsistency in the approach taken by some Federal Court judges in respect of critical issues, such as what constitutes allowable evidence. There is also lack of consistency as to how appeals from a decisions of the Commissioner of Patents (for example) should be dealt with."

Submissions by other parties noted that enterprises often approach patent attorneys to initiate action for infringement but can not justify the costs to proceed based on the commercial worth of the product. An example was cited of a product, on which the profit on sales could be expected to be in the range of \$10 000 to \$30 000 per year over a ten-year period. A competitor produces a similar product which takes half of the original party's business. Appropriate letters of demand do not resolve the issue. If the matter were to proceed to court as a design infringement, it was suggested that likely costs would be in the order of \$150 000. These costs alone would make the action prohibitive and could represent many years' profit from the sale of the product and outweigh any expected costs of recovery for damages or loss of profits. The submission argued that many IP owners were prohibited from taking action before the court because of the costs. Any lowering of the cost to a more realistic level commensurate with the worth of the matter in dispute would be an improvement on the current system

4.3 How could the current system be improved?

It is clear to ACIP that there is not likely to be a simple solution to perceived problems. Indeed, there are differing views on the extent and nature of the problems. Some different options have been raised with ACIP during the preliminary consultations, namely:

Extend jurisdiction of the FMS to cover patent, trade mark and design matters.

This view is favoured by the patent attorney profession, however, it is largely conditional on concurrent changes to court procedures and dependent on the appointing of magistrate/s with relevant expertise in IP matters.

The FMS is viewed as a cheaper, quicker solution, particularly for small and medium-sized enterprises ('SMEs') and for those whose innovation is of limited commercial worth

Improve/update the current system

The legal profession does not support extending the FMS jurisdiction to patent, trade mark and design matters and is of the view that the current system works sufficiently well. The legal profession concedes that the existing system could be improved and/ or modified in some ways to streamline procedures and hence reduce overall costs.

Alternate dispute resolution (ADR)

The court systems have alternate dispute mechanisms in place and have indicated, in some instances, considerable interest in encouraging greater use of mediation by disputing parties. If successful recourse to the courts is avoided and the costs to parties are modest in comparison.

Combination of approaches?

Although views expressed at this point have only countenanced an ‘either/or’ option, there may be room to consider combinations of options. It is not clear that any one system or a ‘one-size-fits-all’ approach will meet the needs of differing parties. It might be possible to make improvements to the current FCA procedures and at the same time extend the jurisdiction of the FMS to IP matters. Furthermore, the extent and value of ADR working in concert with current or possible proposed options, has not been properly canvassed.

The FCA suggested that if the FMS is to be given this jurisdiction then:

- (a) it must be concurrent with (and not replace) the intellectual property jurisdiction of the Federal Court, and consideration should be given to empowering the Federal Court, on application by the respondent to a proceeding in the FMS, to order removal of the proceeding from the FMS to the Federal Court; or
- (b) consideration should be given to limiting the FMS’ jurisdiction to proceedings or part of proceedings transferred from the Federal Court (as is the case with appeals from the Administrative Appeals Tribunal).

At this stage ACIP does not hold a firm view on the best option/s and notes that there is a clear and strong divergence of opinions on the issue.

ACIP would welcome comments on the extent and nature of the problems and views on ways in which the current system could be improved.

Would merely extending the jurisdiction of IP matters to the FMS adequately address any perceived deficiencies in the enforcement system - or is a multi solution required? If so, what approaches are needed?

4.4 Federal Magistrates Service

4.4.1 Nature and objectives

The Federal Magistrates Court is a federal court of record established under the Constitution by the *Federal Magistrates Act 1999*. The Federal Magistrates Act commenced operation on 23 December 1999. The Federal Magistrates Court is constituted by federal magistrates who are justices under the Constitution.

The Federal Magistrates Service was established to provide a simple and accessible alternative to litigation in the established federal courts and to relieve the workload of those courts. The Federal Magistrates Service places emphasis on using a range of means to resolve disputes. There is no automatic assumption that every matter ends in a contested hearing and

the use of conciliation, mediation and a range of other alternative dispute resolution techniques is strongly encouraged in appropriate cases.

The Government has appointed 19 Federal Magistrates including the Chief Federal Magistrate. The Federal Magistrates Service has several magistrates based in Adelaide, Brisbane, Canberra, Darwin, Launceston, Melbourne, Newcastle, Parramatta, Sydney and Townsville. The Federal Magistrates Service also conducts regular circuits to Perth and rural and regional areas. Video and audio conferencing is also used by the Federal Magistrates Service to enable participation by parties or witnesses in remote localities or in different states. The Federal Magistrates Service shares registry facilities with the Family Court and the Federal Court.

4.4.2 Current jurisdiction

The jurisdiction of the Federal Magistrates Service is concurrent with that of the Family Court and the Federal Court – there is no jurisdiction that is solely that of the Federal Magistrates Service. The Federal Magistrates Service currently has seven principal areas of jurisdiction:

- family law and child support;
- administrative law;
- bankruptcy;
- trade practices (misleading and deceptive conduct)
- human rights;
- migration matters and
- privacy law

In general federal law matters, the Federal Magistrates Court shares jurisdiction with the Federal Court in:

- unfair trade practices matters arising under Division 1 of Part V of the *Trade Practices Act 1974* and product safety and information matters arising under Division 1A of Part V, with power to award damages up to a maximum of \$200,000;
- matters arising under the *Bankruptcy Act 1966*;
- applications made under the *Administrative Decisions (Judicial Review) Act 1977*;
- appeals from the Administrative Appeals Tribunal that are transferred to the Federal Magistrates Court by the Federal Court;
- unlawful discrimination matters under the *Human Rights and Equal Opportunity Commission Act 1986*;
- the review of visa-related decisions of the Migration Review Tribunal, Refugee Review Tribunal and the Administrative Appeals Tribunal;
- the enforcement of determinations of the Privacy Commissioner, and private sector adjudicators, under the *Privacy Act 1988*.

Appeals are possible as of right from final decisions of federal magistrates to the full court of the Federal Court or the Family Court depending on the jurisdiction exercised. Leave is required to appeal from interlocutory decisions. An appeal is not by way of a hearing de novo. While appeals are exercised by a Full Court (of either the Family/Federal Court) the Chief Justice (Family/Federal Court) can decide that it is appropriate for the jurisdiction of the court

to be exercised by a single judge. There is no further right of appeal to the Full Court. This avoids an additional layer of judicial decision making and associated costs and delay to litigants. In practice most appeals are dealt with by a single judge. Any further appeal is to the High Court (special leave required).

4.4.4 Expansion of the FMS jurisdiction

From its consultations, ACIP has identified the following key issues that would need to be addressed in an expansion of the jurisdiction of the FMS to include intellectual property matters.

4.4.4a Expertise of Magistrate

Most submissions and discussions have identified the need for federal magistrates hearing intellectual property cases to have some level of IP expertise or to have ready access to IP expertise.

In its submission, the LCA stated that it would be essential to the proposal that the federal magistrate hearing those matters have IP expertise. The LCA submitted that as a minimum the federal magistrate should have several years' experience as a legal practitioner admitted to practice in the Federal Court and specialising in IP matters, preferably litigious matters. The LCA also considered that it would be necessary that there be sufficient IP matters to be heard by that federal magistrate to maintain and develop IP expertise. The LCA suggested that to achieve this level of IP workload, it may be necessary to identify or appoint one federal magistrate with IP expertise who could hear all IP matters initiated in all States and Territories.

IPTA expressed the view that the federal magistrate would need to have practiced in the IP area to an extent sufficient to have familiarity with general principles. In the case of patents for example, that would include at least a passing understanding of fundamental concepts such as novelty, inventive step, and fair basis. Also in relation to patents, the federal magistrate would need to have the ability to comprehend and deal with technical matters.

In discussions with the Working Group, patent attorney, Malcolm Royal, agreed with the need for federal magistrates to have IP expertise. He stated that "a Magistrates Court should be comprised of an experienced IP practitioner who might not necessarily have legal qualifications. A retired Commissioner [of Patents] or any other senior officer or a retired IP lawyer or patent attorney would be appropriate. Thus there would be a level of technical and IP expertise that would avoid much of the educating time currently necessary in matters before the Federal Court."

IPTA expressed the view that the Magistrate would need to have practiced in the IP area to an extent sufficient to have familiarity with general principles. In the case of patents for example, that would include at least a passing understanding of fundamental concepts such as novelty, inventive step, and fair basis. Also in relation to patents, the Magistrate would need to have the ability to comprehend and deal with technical matters.

A submission from patent attorneys Greg Bartlett and Karen Yeilds, proposed that federal magistrates be assisted/advised by a lawyer with relevant IP experience and, in patent and design cases, a registered patent attorney.

The LCA commented that "if it was decided to invest federal magistrates with jurisdiction in IP matters there was value in considering the possibility of creating a reserve panel of experienced IP barristers and solicitors to serve as magistrates on a case by case basis. The advantages of such a panel would be:

- conservation of public money. That is, there would be no wastage of magistrates' time as they would only be pressed into service when suitable cases were instituted;
- guaranteed satisfactory level of expertise with consequent efficient dealings with the cases and conservation of time and expense for the parties and the public purse;
- the ability to trial the system before making permanent appointments. During the trial period it may be found that litigants elect to have most of their matters heard by a Federal Court judge and that there are in fact very few, if any, matters sufficiently simple to justify referral to anyone other than a Federal Court Judge. However, if matters were referred to the IP experienced "reserve magistrates", there would be a high degree of confidence that such Magistrates would produce sound decisions, thereby avoiding unsatisfactory decisions and expensive appeals.

Obviously, the logistics of such a panel would need to be considered carefully in terms of possible conflicts and cost."

In discussions between the Working Group and the FMS it became apparent that there is already a degree of expertise within the FMS, with some federal magistrates having had previous experience in patent/trade mark law. The FMS has the same Rules as the FCA which means that the FMS can make use of expert witnesses in the same way as the FCA.

4.4.4b 'Complexity' of IP matters.

The question of what is a 'complex' IP matter was the cause for considerable difference of opinion in the submissions received by ACIP. Comments in submissions identify the difficulty in determining in advance whether a matter is complex. In general, submissions did not consider that either a monetary ceiling or quantum of damages was a relevant determinant of 'complexity' of a matter.

The FCA also noted that "the complexity, or potential complexity of an IP matter cannot be determined simply by referring to the amount of damages sought or the particular statutory provision relied upon".

The LCA submission noted that its members were unable to identify substantive IP matters, as opposed to procedural matters, that could be guaranteed not to be complex. Even matters that appeared on the surface to be reasonably straightforward invariably turned into quite

complex matters, and could consequently only safely be dealt with by Federal Court, and State Supreme Court, judges.

The patent attorney profession argued strongly that IP matters are only complex to the uninitiated. "The apparent complexity should not in itself be a deterrent to having IP matters dealt with by an inferior court system such as the FMS. The issues to be dealt with in IP disputes are not so complex as to present great difficulty for a Magistrate having appropriate qualifications and relevant experience."

A view was expressed that "there is a mystique about the complexity of intellectual property matters. The complexity most usually arises because of the technical nature of the matters to be considered. To a person with relevant skill, the matters are not so technically difficult. Accordingly, if there are appropriate magistrates with technical, legal and commercial experience in IP matters then seldom would cases arise which could be truly said to be complex."

ACIP sought the view of the LCA Committee as to whether there would be some justification for investing Federal Magistrates with jurisdiction to deal with simple cases - such as where a party simply sought final injunctive relief without damages, delivery up, or an account of profits and where, for example, discovery could be dispensed with, and only minimal affidavit evidence used.

The LCA responded: "Courts have traditionally, and correctly, refused to make orders affecting parties rights, such as injunctive orders, unless satisfied to a very high degree that the evidence justified the making of that order. In such circumstances the LCA Committee could not see orders of the type being suggested made without the Court being satisfied, and rightly so, that the overwhelming weight of evidence justified the making of such an order. In order for a court to be so satisfied, comprehensive, well prepared, relevant affidavit and oral evidence must be presented to the Court. Evidence prepared to a lesser standard will, and should, condemn the application to failure."

The LCA also commented that an attempt to obtain solely injunctive relief would most likely be met with a cross-claim for revocation, which would prolong the hearing and add to the expense and uncertainty of the outcome.

The IPTA submission stated that: "the Federal Magistrates Service should be able to consider and decide on the full range of issues encountered in relation to patents, trade marks and designs". IPTA reserved on the issue of whether the FMS should be able to grant injunctive relief such as an Anton Pillar Order.

IPTA is strongly opposed to restricting the FMS to administrative matters. It favours retention of the current system under which administrative disputes are settled by the AAT.

The FMS in its consultations with the Working Group was firmly of the view that it should have a fully concurrent jurisdiction with the FCA in intellectual property matters. It could see no justification for restricting the type of matters it could hear. A similar approach was taken in the extension of the FMS's jurisdiction to include bankruptcy matters. In discussions with

the FMS they noted that the Court has dealt with trade mark issues in the context of its accrued/associated jurisdiction. Sometimes matters are filed in the court alleging breach of trade practices which also involve alleged breaches of trade marks. It may create an artifice to limit the FMS in the range of matters it can hear in similar situations. Many trade mark disputes, for example, will combine elements of common law passing off, breaches of the *Trade Practices Act* and breaches of the *Trade Marks Act*.

4.4.4c Cost and time when compared to the Federal Court of Australia

There is a perception among some respondents that the Federal Court does not meet the requirements of applicants for fast and inexpensive access to determinations. There are three components of the time element:

- commencement of the matter
- conduct of the matter
- handing down the decision

IPTA commented that "significant savings in time and costs are clearly possible. Whether or not that possibility is realised will depend upon the way in which the proposed system is structured and managed."

IPTA put the view that there is an urgent need for a quick umpire's decision at relatively economic cost commensurate to the commercial worth of the invention and that there needs to be some amendment of the court process to enable this to be achieved.

The LCA expressed concern at the proposition that a fast and inexpensive form of justice might be obtained from a federal magistrate if special procedural rules were adopted for intellectual property cases that might dispense with the need for discovery, and the level of proof currently required for intellectual property litigation (which is of course the same as for any other litigation), and possibly dispense with the laws of evidence altogether.

The LCA also noted that "determining whether granting jurisdiction to the Federal Magistrates Service for some IP matters would in fact result in less time-consuming and less costly proceedings, would depend in part upon the procedures to apply in relation to transfer of proceedings (between the Federal Court and the Federal Magistrates Court) and appeals. It may be that in the case of many matters initiated in the Federal Magistrates Court, respondents would initially contest the appropriateness of that forum and seek a transfer to the Federal Court, particularly if the guidelines as to which is the appropriate forum are not clear. In relation to appeals, there is a risk that appeals from decisions of the Federal Magistrates Service are more likely than appeals from the Federal Court. In practice, this would in fact lead to more time-consuming and costly litigation."

The Federal Magistrates Court has set a benchmark of six months from filing to disposition and maintains control over the time taken. Generally a date is set for hearing at the first mention. It is the intention of the court that the range of issues is limited to those essential to decide the case and to reduce the number of occasions when the parties/representatives have to come to court. Federal magistrates indicate they make considerable use of telephone/video

hearings as a means of avoiding the need for court appearances, especially in interlocutory proceedings.

The FMS makes extensive use of mediation and in general federal law refers matters for mediation to the FCA Registrars. The FMS has found that mediation will in most cases resolve, or at the least, narrow the issues in dispute. The FMS estimates that 50% of matters in the general federal law jurisdiction settle at mediation.

The Federal Magistrates Court has been assisted by the Federal Court which provides registry and related services under a memorandum of understanding. Close cooperation has ensured complementary services to the public. Transfer arrangements have facilitated the efficient conduct of proceedings.

Filing fees in the FMS are cheaper and may lead to some SMEs finding it more appealing. In addition, the step to the FMS may be less intimidating than launching directly to the FCA. Solicitor and own client costs are unlikely to vary between the courts unless there is radical intervention in the interlocutory stages. There may be benefits in the party and party costs for losing litigants but a corresponding disadvantage for the successful litigant.

The FCA notes that in simpler cases, the legal costs allowed under the FMS Rules will be similar in amount to those allowed under the FCA Rules.

A proceeding commenced in the Federal Court will usually be the subject of a directions hearing within 4 to 6 weeks of the date of filing. The Federal Court has published a time goal of finalising 85% of cases with 18 months of commencement. Of the 161 intellectual property matters (excluding Copyright Act matters) finalised in 2000-01, 85% were finalised in less than 18 months.

The schedule of General Federal Law Fees comparing FCA and FMS are at Attachment D. These fees are prescribed by regulation and relate to the filing, setting down and hearing of proceedings, use of mediation and other matters. The prescribed fees do not deal with the costs of legal advice and representation, or expert witnesses.

ACIP would welcome views on whether the FMS is perceived as an appropriate forum for IP matters. If so, what matters in particular are appropriate to be heard in the FMS or should jurisdiction be unlimited? If it should be limited, what limitations are appropriate?

4.5 Improve/update the current system

4.5.1 Current practices of the Federal Court of Australia

ACIP posed the question to parties in consultations as to whether there might be any modifications to the Federal Court system as it currently exists that could be made to address the concerns of SMEs and major businesses with small matters.

The IPTA submission commented on the needs of SMEs: "There must be a commitment to establishing procedures that promote a speedy, cost effective and fair resolution of IP disputes. It will not be a system that enables or permits every issue to be examined, and re-

examined, in the minutest detail. For that reason it may not be embraced by legal purists having a strong attachment to the current adversarial system, and it may not be an acceptable system of dispute resolution for large organizations having resources to sustain a long drawn out battle. The principal target group appears to be individuals and small to medium business users of the IP system. Such users are more likely to be satisfied with a speedy and cost effective process that focuses on the core issues and results in a decision that is at least reasonably credible. In fact, we believe that is the very type of system many IP users wish to have available."

"The LCA noted that it was opposed to any moves that would dilute or dispense with fundamental protections such as the need for discovery, the level of proof currently required for intellectual property litigation or moves to dispense with the laws of evidence altogether in an attempt to provide cheaper and swifter justice to SMEs or large enterprises with smaller IP matters.

The LCA noted: "...procedural and cultural changes could perhaps be made to improve the current [FC] system so as to deliver lower costs and greater speed of enforcement of IP rights. Furthermore, improvement of procedural matters, is under active consideration."

The LCA referred to "improvements in procedures of the UK High Court of Chancery and High Court of Justice (Patents Court) as being a possible model for changes to procedures of the FCA. The LCA noted that ..."IP specialist Justices case managed IP matters in such a way as to provide a very high level of expeditious cost effective service. Indeed, most patent trials in England are completed within five working days and judgment given approximately three weeks thereafter. Other IP cases are dealt with even more quickly. This compares to average trial times in Australia for patent cases of between 10 and 15 working days and reasonably lengthy times for other IP cases. [The FCA advises that it is currently averaging 7.25 days.] As substantial legal costs are incurred during the trial process, very substantial savings in legal costs are achieved in England through reduction in length of trials. Furthermore, certainty is returned to the market quickly because of the swift judgments. In essence, the system works very efficiently, expeditiously, and more cheaply in England, because of the attitude and procedures applied in the, the approximate equivalent of the Australian Federal and State Supreme Courts. It is also probably worth noting that the specialist Justices Jacob, Laddie and Pumfrey all had substantial intellectual property practices at the bar.

LCA also noted..."Implementation of all of the procedures and processes adopted by the Justices in England would speed up the process in Australia, reduce cost and more quickly return certainty to the market. Many of those procedures are already applied by various of the Judges in Australia but there are some areas where there is a degree of cultural resistance. A universal application of those processes and procedures would go a long way toward addressing the concerns of SMEs and large companies with small matters."

ACIP discussed these issues with the FCA who confirmed that many of the English procedures and processes referred to were already in place. The FCA noted that the English system of a very small number of highly specialised IP judges is at the opposite end of the spectrum from giving the jurisdiction to the FMS.

Since 1997 the Federal Court has managed cases in accordance with its Individual Docket System. The key features of this system, as they relate to intellectual property matters, include:

- the allocation of a single judge on the Intellectual Property Panel to a case from commencement to disposition;
- increased judicial involvement and management in all stages of each proceeding; and
- individually tailored directions, procedures and listings for each case by the judge and continual monitoring by the associate and judge of compliance with orders.

The FCA has indicated that, according to its records, the average trial time for patent cases finalised in the five years ending 30 June 2001 was 7.25 days. While there are instances of trials in patent cases taking more than two weeks, the trial time in almost 50% of cases was less than two days. In the same period, the average trial time for trade mark cases was 1.88 days, and 5.16 days for Designs Act cases.

ACIP is aware that there are current restrictions on the power of the FCA that could be examined to provide more flexibility in the FCA to remove a matter or part of a matter to the FMS in suitable cases. At present, the FCA has no power to remove a matter from the FMS where it appears that the complexity of a matter makes it more suitable for determination in the Court. However, the FCA can refuse to transfer a matter to the FMS. This decision cannot be appealed against.

The Federal Court has developed various strategies for dealing with expert evidence. This has included the adoption of Order 34A of the Federal Court Rules, which provides that the Court may direct that the expert witnesses give their evidence on the same or similar questions at the same stage in a hearing, and that each expert may comment on the evidence of other experts on the relevant questions. In September 1998 the Chief Justice issued *Guidelines for Expert Witnesses in proceedings in the Federal Court of Australia*. The operation of Order 34A and the Guidelines is currently being reviewed by the Court.

4.5.2 High Court of Chancery

The LCA notes that: "Processes and procedures applied by the High Court of Justice (Patents Court) and the High Court of Chancery England have produced a very high level of expeditious cost effective service". An overview of these processes and procedures was provided by the LCA and includes:

- The parties are required to provide a comprehensive outline of their cases at the first directions hearing;
- A trial date is set at the first directions hearing and can only be moved in exceptional circumstances (eg. key witness hit by a truck);
- The timetable for discovery, affidavit evidence etc is set at the first directions hearing and can only be changed in exceptional circumstances;
- Discovery is limited;

- Comprehensive written submissions on fact and law, and a reading list of key documents (eg patent specification, key affidavits, key pieces of prior art) are provided to the Court well in advance of the commencement of the trial;
- The judges ensure that the documents they have been asked to read by the parties are read before the trial starts and this serves to educate the judges and crystallise the issues in advance;
- The judges, having read the key documentation, "hit the ground running" on the first day of trial;
- Because of the preceding point, openings are usually short and the need for extensive explanation of issues and terms usually unnecessary;
- The judges are reluctant to allow counsel to depart from the skeleton outline of issues covered by the written submissions during the trial;
- Expert witnesses are limited to one per discipline except in exceptional circumstances where leave needs to be obtained;
- The judges are very interventionist in relation to cross-examination and do not tolerate lengthy unnecessary cross-examination;
- The consequences of the last two points is that the taking of evidence is usually much shorter than in Australia.

The LCA state... "In the interests of balance, it should be noted that there is a view that the costs pre-trial in the UK are sometimes higher than in Australia because of somewhat greater preparation including the written submissions and materials presented to the judge. The real costs savings arise from reduced trial time. The other great advantage is that the parties to the proceedings, and other interested parties, benefit from the swift judgments in that within 3 weeks there has been a determination and that injects certainty back into the market in which the IP is used".

There is also an issue of balance in terms of vesting IP expertise in a small number of judges such as is the case with three judges of the UK High Court Chancery who hear all IP cases, and the issue of having suitable expertise to hear appeals. The FCA noted that specialist IP lawyers in Australia have expressed misgivings about the wholesale adoption of the UK system in which only two or three judges hear and determine all patent matters, on the basis that those judges' views on issues they are called on to decide have developed over the years, and are well known and entrenched. On the "generalist-specialist" continuum, the Federal Court lies between the two extremes.

4.5.3 Cost and Time

With respect to cost and timeliness issues the FCA noted that of the 161 IP matters (excluding Copyright Act matters) finalised by the FC in 2000-01, 45% were finalised in less than 6 months, 74.5% in less than 12 months and 85% in less than 18 months. The FCA advises that it vigorously case manages the matters that come before it and among other things, aims to quickly identify the issues and evidence in dispute, and to prevent 'litigation by attrition'. The

FCA expressed the opinion that expense and duration of many IP cases are due to the complexity of issues in dispute or the need for expert evidence.

ACIP would welcome views on whether the current arrangements are failing to meet the needs of all IP right holders.

ACIP would also welcome views on whether the current system can be further improved.

4.6 Alternate Dispute Resolution (ADR)

4.6.1 Mediation – [Within or independent of the FCA]

As the Issues Paper addressed the specific issue of extending the jurisdiction of the FMS, the prospect of using alternative dispute resolution for IP matter did not arise in most submissions to ACIP. The FCA noted, however, that it vigorously case manages the matters that come before it, including the use of assisted dispute resolution as an alternative to a full hearing.

One possible solution to achieve the outcome of a quicker, cheaper resolution of disputes in IP matters is to explore alternative dispute resolution options either collaterally with a litigious process or independently. Under section 53A of the Federal Court of Australia Act 1976, the Federal Court may refer the whole or any part of a proceeding to a mediator, with or without the consent of the parties.

Mediation is a dispute resolution process which is part of the procedures of the FCA. It can provide a cheaper and more informal way of resolving a dispute than going to a court hearing. One of the benefits of mediation is that most cases are resolved without the need to go to a court hearing. Further, if a case is not resolved by mediation, it may then go to a court hearing with the benefit of both parties having clarified the disputed issues and/or facts of the case. The willingness of the parties to try mediation can also help to reduce the potential stress and cost of court actions. The mediation conference is confidential and all discussions are held on a 'without prejudice' basis.

One suggested approach is for the FCA to provide a specialist Registrar capable of providing initial mediation services, prior to commencement of a hearing. From a procedural point of view this would need to occur after the parties have filed initiating proceedings and any defence to that filing.

The benefit of this approach is that the parties would be able to explore the scope of the issues before the matter is set down for hearing. This might also assist in determining whether the FCA or the FMS is the most appropriate court.

The Queensland Supreme Court has undertaken a proactive program to promote alternative dispute (ADR) processes and ADR has gained wide acceptance in the state in the last decade.

The processes available are many and varied but the principal processes are mediation, case appraisal and arbitration. Different processes suit different disputes.

Mediation is now almost routinely ordered by the Supreme Court of Queensland prior to the court allocating lengthy hearing dates for trials. At least half of all mediated matters are resolved in the mediation.

Mediation can offer litigants the following advantages:

- Cost effectiveness
- Expediency
- Relatively stress free
- Enables the parties to make their own decision rather than having a decision imposed upon them
- Removes litigation risk
- Enables the parties to fashion a solution that is in their joint interest and which might not have been available in a court; and
- If the mediation is unsuccessful, frequently it is possible to resolve some issues and thus shorten the length of the trial

Possible disadvantages

- Compromise
- Alerts the other party to hitherto unconsidered arguments available to it
- If unsuccessful it increases the costs to litigants.

4.6.2 Cost and timeliness

Mediation does attract some court costs. There is a fee for mediation conferences conducted by Registrars of the FCA (and other courts). In the FCA, unless an order is made by the court to the contrary, the fee must be paid by the applicant (the party that commenced the case against the other party). If more than one conference is necessary, no additional fee is payable. If a mediation fee has been paid to the court, but the dispute is not resolved, the fee to be paid for hearing the case in court is reduced by the amount of the fee which was paid for the mediation. In addition, the parties will also be subject to any legal representation costs.

The mediation process is generally acknowledged for its expediency. Furthermore, if the matter is not resolved, it is returned to a judge for further direction. It is court policy that parties should not lose their place in the 'litigation queue' because they have had their dispute referred to mediation.

ACIP would welcome views on whether options such as alternate dispute mechanisms, (including mediation, case appraisal and arbitration) are viewed as viable alternatives in the enforcement of IP rights. ACIP would also welcome views on whether there are opportunities or benefits to utilising or extending alternate dispute resolution mechanisms to the enforcement of IP rights

5. The Way Forward

- 5.1.1 As there is a divergence of views on this matter, ACIP believe it would help to clarify issues if interested parties were able to meet, discuss and openly debate the merits of different approaches raised and/or suggestions made in this Discussion Paper. ACIP also welcomes any additional suggestions not already raised, that may help provide a more productive resolution of perceived problems.
- 5.1.2 ACIP proposes holding a one-day public discussion in Melbourne during **October 2002** (date to be advised) and encourages all interested parties to attend. In particular, ACIP would welcome the attendance of those parties who have already taken part in consultations or who have made written submissions in response to ACIP's Issues Paper.
- 5.1.3 Timeline for reporting:

Written submissions	30 August 2002
Public consultations - discussion /seminar in Melbourne	October 2002.
Anticipate final report to Minister	December 2002



ADVISORY COUNCIL ON INTELLECTUAL PROPERTY

**Extension of the jurisdiction of patent,
trade mark and design matters to the
Federal Magistrates Service**

ISSUES PAPER

July 2001

Extension of the jurisdiction of patent, trade mark and design matters to the Federal Magistrates Service.

Overview

The Advisory Council on Intellectual Property (ACIP) is an independent body established to provide advice to the Minister for Industry, Science and Resources and IP Australia on matters of policy and administration. The Hon Warren Entsch, MP Parliamentary Secretary to the Minister for Industry, Science and Resources has responsibility for patent, trade mark and design matters within the portfolio.

Over the past ten years there have been repeated calls from interest groups and through government reviews to have intellectual property (IP) matters heard by a Federal inferior court structure. In response to these calls and the recent introduction of the Federal Magistrates Service, Parliamentary Secretary Entsch has requested that ACIP examine and report on the possibility of the Federal Magistrates Service jurisdiction being extended to hear intellectual property matters.

Although IP rights extend beyond patents, trade marks and designs this reference is essentially concerned with the legislation that covers these rights. That is, the *Patents Act 1990*, the *Trade Marks Act 1995*, the *Designs Act 1906* and the regulations relevant to this legislation. As the designs legislation is currently in the process of transition with a new act likely to come into effect either late in 2001 or early 2002, ACIP will consider and refer to the current design legislation more in principle rather than detail.

The purpose of this Issues Paper is to stimulate public discussion on the issues to be examined in this reference. That is, *to consider and report on whether some practices and procedures, including administrative procedures, to obtain, defend and enforce intellectual property rights relating to patents, trade marks and designs in Australia are appropriate to be referred to the Federal Magistrates Service*. Accordingly, ACIP has undertaken to circulate this Issues Paper and to consult with and seek input from interested parties. Once this input has been considered ACIP will prepare a report which they expect to submit to Parliamentary Secretary Entsch in late 2001.

Overall it is intended that this paper will stimulate debate on the issues raised in this paper and any other relevant issues not identified in this paper.

ACIP would value comments on the reference and seeks expressions of interest from interested parties indicating whether they wish to take part in consultation sessions or intend providing written submissions (or both).

Written comments may be made in electronic form or in hard copy and should be provided to the address below by **25 September 2001**. Unless marked confidential, submissions may be made public.

It is expected that consultations will comprise a one day seminar/discussion to be held in Canberra on Wednesday **3 October 2001**. It would be appreciated if you could advise your interest in taking part in **consultations by 10 August 2001**.

Please address your advice, comments, written submissions and any queries to:

Ms Kay Collins
Secretary
ACIP
PO Box 200
WODEN ACT 2606

Telephone: (02) 6283 2402 email: kay.collins@ipaustralia.gov.au

Introduction

A strong intellectual property (IP) system is central to building a strong national innovation system which in turn plays an important role in the Australian economy. IP promotes research and development through helping to better capture returns from commercialising Australian ideas and products.

The emergence of knowledge based economies and globalisation has greatly increased the importance of IP to the point where effective protection and management of intellectual property is an integral part in both successfully commercialising innovation and contributing to national economic performance.

Effective enforcement of rights is a crucial aspect of the IP system. If owners of IP rights cannot enforce them in a speedy and cost efficient manner and with some certainty of outcome, then the IP system is significantly devalued. Businesses will only invest in developing innovations protected by IP rights if they are confident about the rights they hold and the efficient and effective outcomes of enforcement decisions relating to those rights. Furthermore, they need to be confident that the enforcement and testing of rights is undertaken within a reasonable time scale and at a reasonable cost to parties.

The costs of an ineffective enforcement system are not only borne by the commercial enterprises engaged in dispute, but the costs are also borne by society at large. An ineffective enforcement system is likely to result in a less than optimal level of innovation, a reduced transfer of technology and a consequent reduction in economic growth.

At a national level Australia must meet treaty obligations to provide enforcement procedures under the Trade Related Aspects of Intellectual Property (TRIPS) agreement. At a business level effective enforcement is essential to give owners of intellectual property rights the confidence to invest in the commercial development of the inventions or ideas covered by those rights. This confidence depends on business having some certainty about enforcement outcomes so that it can make rational decisions on longer term capital investment.

Enforcement procedures must also be efficient to minimise the cost and delay to business. Protracted enforcement action diverts time, money and resources which could be used more productively elsewhere in the business. Enforcement costs can represent a significant proportion of the resources that a business can commit to the development and commercialisation of an innovation.

The perception of enforcement procedures also influences the willingness of potential users to seek intellectual property rights. If people believe that rights cannot be protected or that protection will be costly and uncertain, they will be unlikely to use the intellectual property system.

Recent developments overseas have highlighted the growing emphasis on the need for effective enforcement procedures by business. In part this is due to the growing importance of intellectual property rights in commercial and technological development and

competitiveness. The increasing level of damages awarded in international and US infringement cases reflect this view of the importance and value of intellectual property rights.

Over the past 10 years there have been repeated calls from interest groups and through government reviews to have intellectual property (IP) matters heard by a Federal inferior court structure such as a federal magistracy. It is believed that this would provide a faster, cheaper and fairer alternative adjudication of IP disputes than the present Federal Court system.

Relevant legislation

This paper is essentially concerned with the *Patents Act 1990*, the *Trade Marks Act 1995*, the *Designs Act 1906* and the regulations relevant to this legislation.

As the designs legislation is currently in the process of transition with a new act likely to come into effect either late in 2001 or early 2002, ACIP will consider and refer to the design legislation more in principle rather than detail.

Enforcement procedures

The 'enforcement' of intellectual property rights is often thought to be synonymous with litigation, however, it encompasses a range of actions. There are a number of legal, administrative and commercial alternatives which can be used to enforce or defend an intellectual property right or to test its validity. These include pre-grant opposition procedures, warning off letters, commercial negotiations, licensing agreements, alternate dispute resolution mechanisms, mediation and litigation.

For the purposes of this paper, enforcement of intellectual property rights refers to actions prescribed in the patents, trade marks and designs legislation relating to pre and post registration adjudication actions, including administrative procedures, to obtain, defend and enforce intellectual property rights, or test their validity.

Related Reviews

A number of reviews over the past 10 years have discussed and raised the prospect of a Federal inferior court hearing IP matters. Many of these reviews are currently being considered by Government.

The report of the Intellectual Property and Competition Review (IPCR) ***Review of intellectual property legislation under the Competition Principles Agreement***, September 2000, recommended that the Federal Magistracy be used as a lower court for the patent system, particularly for matters relating to the Innovation Patent. This built on a recommendation made in an earlier review by the Advisory Council on Industrial Property, in its *Review of the Petty Patent System*.

The Government is currently considering its response to this and other recommendations of the IPCR's report.

The report of the Advisory Council on Intellectual Property (ACIP) *Review of Enforcement of Industrial Property Rights*, March 1999, made a number of recommendations aimed at reducing the uncertainty regarding the outcomes of patent enforcement actions.

The report proposes a number of changes to the enforcement system which encapsulate the general features of:

- providing better education and awareness programs to users and potential users of IP;
- an increased presumption of validity, including a statement in the *Patents Act 1990* that a granted patent is presumed valid, granting on the basis of 'the balance of probabilities', addressing the concept of 'fairly based', and revising disclosure requirements;
- improved appeal mechanisms and procedures for the review processes within IP Australia;
- increasing the specialisation of IP judges;
- providing for increased penalties for infringers; and
- introducing provisions relating the importation of infringing goods.

The Government is currently considering its response to the report.

The report of the Administrative Review Council (ARC), *Administrative Review of Patents Decisions* was tabled in the House of Representatives on 9 February 1999 and recommends substantial changes to the system of administrative and judicial review of decisions of the Commissioner of Patents under the *Patents Act 1990* (Patents Act).

The ARC report makes three recommendations:

- 1) that the existing system of review of patent decisions be retained pending determination of the structure and procedures of the Administrative Review Tribunal (ART);
- 2) that a number of patents decisions (not currently subject to merits review) should be subject to merits review by the Administrative Appeals Tribunal (AAT), and;
- 3) that a number of decisions relating to the registration and discipline of patent attorneys, (not currently subject to merit review) should be subject to merits review by the AAT.

The Government is currently considering its response to the ARC's report.

The Industrial Property Advisory Committee (IPAC) report, *Practices and Procedures for Enforcement of Industrial Property Rights in Australia*, March 1992.

The IPAC review focussed on litigation and court procedures and identified a number of potential improvements to court procedures aimed at reducing the cost and delay associated with industrial property litigation. Many of the IPAC recommendations have been considered by the courts when formulating changes to procedures for their industrial property lists. Further changes to court procedures which have arisen from broader reviews of the legal system have overtaken other IPAC recommendations.

The current jurisdiction system for patent, trade mark and design rights.

Civil proceedings

As a general rule civil proceedings under the patent, trade mark and design statutes may be commenced in a 'prescribed court' defined to mean the Federal Court or the Supreme of a state or territory. These proceedings include:

- actions for non-infringement declarations
- actions for the rectification of the designs or trade mark registers or for the revocation of a patent.

Proceedings may be transferred between prescribed courts and their jurisdiction is exercised by a single judge.

Infringement proceedings may be instituted in any court, whether prescribed or not, as may proceedings in respect of unjustified threats.

An appeal lies in any of these proceedings to the Full Court of the Federal Court or, by special leave, directly to the High Court.

Criminal proceedings

Under the patents, trade mark and designs legislation prosecutions are specifically prohibited from being commenced in the Federal Court and must therefore be initiated in a state court.

Decisions of Administrative Bodies

Under the patent trade marks and designs legislation, administrative bodies such as the Commissioner of Patents are empowered to make various decisions as to the creation, subsistence and compulsory licensing of rights as well as on matters such as the right to intervene or the extension of time limits.

Where appeals are provided from these decisions, they lie to the Federal Court and in turn with leave to the Full Court of the Federal Court.

The statutes also confer on the Administrative Appeals Tribunal (AAT) the power to review certain of the decisions. See *Patents Act 1990* s 224, *Trade Marks Act 1995* ss 175, 180, 224, 227 and *Designs Act 1906* s 40(K). The role of the AAT is to review the merit of decisions, and not to adjudicate rights.

Any decision of an administrative character may be reviewed by a judge of the Federal Court under the Administrative Decisions (Judicial Review) Act 1977 (Cth) under one of the grounds for review set out in ss 5-7. Judicial review may also be sought in the same court under s 39B of the Judiciary Act 1903 (Cth).

Nature and objectives of the Federal Magistrates Service

The legislation to establish the Federal Magistrates Service, the *Federal Magistrates Act 1999* and *Federal Magistrates (Consequential Amendments) Act 1999* received royal assent on 23 December 1999.

The Federal Magistrates Service was established to deal with a range of less complex federal disputes that would otherwise go to the Federal Court or Family Court of Australia. It is designed to provide a quicker, cheaper option for litigants and is intended to ease the workload of both the Federal Court and the Family Court. The Federal Magistrates Service has developed procedures which aim to be as streamlined and as user-friendly as possible, reducing delay and cost to litigants.

The Government has appointed 16 Federal Magistrates including the Chief Federal Magistrate. The Federal Magistrates are located in all states including some located in regional centres. Each magistrate conducts regular circuits to regional areas throughout their state and hears cases using video and audio conferencing, where required.

One of the main functions of the Federal Magistrates Service is to deal with less complex family law matters. This is intended to take pressure off the Family Court and, by taking over work that would otherwise need to be done by Family Court judges, should also help ease delays for litigants in the Family Court. It is not intended to take away federal work currently performed by State and Territory courts. State magistrates will continue to deal with a range of federal matters, including some family law.

The widening jurisdiction of the Federal Court has led to an increasing number of routine matters coming before that Court. This has the effect of diverting judicial resources from more complex areas of the law. Having the Federal Magistrates Service deal with some of the less complex cases means a better use of judicial resources and, again, less cost for litigants.

Key feature of the system

A key feature of the system is that federal magistrates are not to become tied up with complex matters. Their workload is intended to be characterised by high volume and low complexity. For this reason, areas of law seen as relatively complex have not been considered as suitable for federal magistrates.

Current Jurisdiction

The jurisdiction of the Federal Magistrates Service is concurrent with that of the Family Court and the Federal Court – there is no jurisdiction that is solely that of the Federal Magistrates Service. This means that more complex matters filed in the Federal Magistrates Service can be transferred to the Federal or Family Court (whichever has jurisdiction). Similarly, there are provisions for transfer from the superior courts to the Federal Magistrates Service of less complex matters within the Federal Magistrates Service's jurisdiction.

The Federal Magistrates Service is currently able to deal with less complex disputes arising under the following provisions:

- Divisions 1 and 1A of Part V of the Trade Practices Act 1974, being the consumer protection provisions, with power to award damages up to a maximum of \$200,000;
- matters arising under the Bankruptcy Act 1966;
- applications made under the Administrative Decisions (Judicial Review) Act 1977;
- appeals from the Administrative Appeals Tribunal which are transferred to the Federal Magistrates Service by the Federal Court; and
- unlawful discrimination matters under the Human Rights and Equal Opportunity Commission Act 1986.

The main areas of family law in which the Federal Magistrates Service exercises jurisdiction are:

- applications for dissolution of marriage;
- family law property disputes where the property in dispute is worth less than \$300,000, or property disputes worth more than this with the consent of the parties;
- parenting orders providing for the residence of a child, contact, maintenance and/or specific issues;
- enforcement of orders made by either the Federal Magistrates Service or the Family Court,
- location and recovery orders regarding children, as well as warrants for the apprehension or detention of a child;
- determination of parentage and recovery of child-bearing expenses; and
- matters arising under Child Support legislation.

While other areas of jurisdiction will be considered from time to time for the Federal Magistrates Service, it is evident that they need to involve matters of low complexity which do not warrant the attention of Federal or Family Court judges.

Appeals

It will be possible to appeal final decisions of federal magistrates to either the Federal Court or the Family Court, depending on the nature of the case. As with decisions of judges, leave will be needed to appeal from interlocutory decisions.

To avoid adding an additional layer of judicial decision making leading to more costs and delay for litigants, an appeal from the Federal Magistrates Service will be to the full court of the Federal or Family Court. The Chiefs Justices of the Federal and Family Courts have discretion to allow such appeals to be heard by a single judge, and for it to be treated as a decision of the full court and any further appeal would be to the High Court (with special leave).

Issues and/or problems with the current IP enforcement system

The findings and recommendations of reviews into the patent, trade marks and designs systems and the enforcement of these rights over the past 10 years have highlighted a number

of constant issues and problems. The main themes have revolved around the need for a fast, fair, cheap and effective enforcement system that provides certainty via court decisions that are consistent and predictable. There have also been frequent requests for a mechanism which provides “a cheap, quick umpire’s decision” to resolve enforcement disputes.

The following problems and issues have been dealt with separately, however, they frequently overlap. Furthermore, the problems and issues may not be exhaustive nor should the potential solutions to these problems be constrained by current practice.

Complexity

A key feature of the Federal Magistrates Service is that federal magistrates are not to become tied up with complex matters. Their workload is intended to be characterised by high volume and low complexity. For this reason, areas of law seen as relatively complex have not been considered as suitable for federal magistrates.

IP matters are a specialised area of law and they have generally been considered a complex area of law. However, as a concept, 'complexity' is relative to the expertise and experience of the parties involved. What may well appear to some to be complex, may not appear complex to those who have had previous experience or appropriate expertise in the subject area.

In addition, the concept of 'complexity' can be effected by the nature of the matters involved. Decisions that relate purely to administrative actions, such as an extension of time to undertake an action, are likely to be less complex or require the attention of the Federal Court. On the other hand, issues that involve detailed technical and/or legal aspects and may call into play other areas of IP including issues under the Trade Practices Act or the common law rights of passing off, are likely to be complex and unsuited for consideration by a federal magistrate.

Issues:

Intellectual property is a specialised area of law and one that is often considered quite complex. Are there areas of IP law that are less complex and that could be easily identified as being suitable matters to be heard by a federal magistrate?

If so, what areas of IP law and what provisions could be considered suitable?

Assuming some IP matters are suitable for consideration by federal magistrates, how should the following be addressed:

- *standing of parties;*
- *representation of the parties;*
- *role of experts; and*
- *nature of evidence to be considered?*

Are there any impediments (legal or otherwise) to the Federal Magistrates Service hearing some IP matters?

Workload

As noted, a key feature of the Federal Magistrates Service is that federal magistrates' workload is intended to be characterised by high volume and low complexity.

IP law has traditionally not been seen as an area of high volume, and it is certainly not so in comparison with some other areas of law such as family law.

In preparing its report, Review of Enforcement of Industrial Property Rights, ACIP collected data to provide an up to date overview of the enforcement system including case workloads. Data sources including the Federal Court of Australia, the State and Territory Supreme Courts, the then Australian Industrial Property Organisation (AIPO) and a selective survey of patent attorney and legal firms. The data covered patent, trade mark and design rights.

The data indicated that an increasing number of cases were being filed in the courts. This increase is due to growth in the number of registered rights. The level of litigation has remained about 0.03-0.04% of the total number of registered rights. To put this in perspective, in 1996 the number of cases filed in the Federal Court of Australia included 7 design cases, 29 patent cases and 59 trade mark cases.

The survey data also showed that most enforcement actions, including litigation, are settled by negotiation, through commercial agreements, or simply because one party had to withdraw due to cost. Some of the survey responses suggest that less than 10% of cases filed are decided by the courts.

Estimates suggest that up to 0.3% of patent, trade mark and design property rights may become involved in some form of enforcement action. It is important to note that these figures are only indicative and are based on court statistics and the survey of legal and patent attorney firms. In other words, these figures only indicate the percentage of rights where some "formal" action has been taken.

Despite the relatively small numbers involved, enforcement is a critical element of an effective intellectual property system. It also has important implications for the success or survival of many companies.

It is reasonable to assume that cases involving intellectual property will continue to increase in future, reflecting the importance of knowledge and intangible assets in economic and social activity.

Issues:

As the number of registered IP rights is increasing it is expected that the number of disputes, including court actions can be expected to rise. It also appears that IP enforcement actions take many forms, and that a workload measure taken from the number of 'formal' court actions is only a partial indicator of the underlying problem.

Should workload and relative complexity be the overriding factors in determining what jurisdictions the Federal Magistrates Service considers?

Should adverse impacts on innovation and economic development be influencing factors in determining suitable matter for federal magistrates' consideration? If so, to what extent?

Should intellectual property become a priority matter for the federal magistracy?

Time and cost of proceedings

The inherent threshold costs of litigation represents a barrier for many intellectual property owners seeking to enforce their rights and to others who might wish to test those rights. During the course of a number of IP reviews, many IP owners have asked for enforcement mechanisms that are better matched to the value of their intellectual property or to the remedies which are available.

The IPCR review noted that, a major concern of submissions to the Committee was the cost and complexity of the court system, particularly for SMEs....."Of more concern is the cost and complexity of enforcing industrial property rights, which continue to be a problem for many users. Dispute resolution mechanisms are time consuming and expensive, and discourage firms from taking enforcement action. For example, one engineering firm has stated that it costs on average \$250 000 to prosecute a claim for patent infringement. If intellectual property owners cannot enforce them because of cost and complexity, the intellectual property system serves no useful purpose. This is an inhibiting factor on commercial activity, which reduces competition".

The ACIP enforcement report survey data showed that most enforcement actions, including litigation, are settled by negotiation, through commercial agreements, or simply because one party had to withdraw due to cost.

The ACIP report also noted that the high cost of litigation might cause the parties involved in a dispute to seek an out of court settlement. However, out of court settlement might be less likely if the owner of the right is a small enterprise but the alleged infringer can easily carry the costs of litigation, and sees commercial advantage in doing so.

The combination of time and cost can be a powerful factor in deciding the outcome of IP disputes - the more protracted the dispute the greater the cost to parties. Deliberately delaying the dispute process can work to the advantage of the party with the greater financial strength.

Issues:

The cost of IP enforcement action is clearly an inhibiting factor for users of the IP system. It has been suggested in recent IP reviews that costs and time delays could be reduced if federal magistrates had jurisdiction to hear some IP matters.

Are there likely to be significant savings in time and cost of proceedings, particularly as compared to the current system, if federal magistrates heard IP matters?

Bearing in mind the factors of cost and time, what appellate structure would be appropriate if federal magistrates were to hear some IP matters?

Would it be feasible, practical or desirable to appoint a federal magistrate with IP expertise and or experience to hear nominated IP matters in all or any state or territory of Australia?

IP Expertise

Previous reviews on enforcement of IP have queried whether judicial decision-makers appointed to hear IP matters have had the appropriate level of knowledge, expertise and experience to deal with such matters. The query has largely arisen in recognition that IP law is specialised and can be very complex, particularly for those with limited IP exposure. In addition, as the workload has not been overly large, judicial decision-makers may not necessarily have had sufficient exposure to IP matters in the past to enable a build up of expertise. Furthermore, IP is a dynamic area of law, particularly in relation to copyright, and this has added to the difficulty of attaining appropriate IP expertise.

The problem has tended to lessen with the practice of courts scheduling cases according to the relevant expertise of judicial decision-makers. However, businesses need to be confident that the judicial system will deliver predictable and consistent findings that are fair and just. Appointing a judicial decision-maker with IP expertise and experience to hear IP cases has the potential advantages of ensuring these outcomes.

Issues:

What would be deemed a relevant level of IP expertise and or experience to enable a Federal Magistrate to hear certain IP matters?

Decisions that are fair, just, certain and consistent.

Ideally the adjudication system for the testing of IP rights should be fast, cheap and predictable and the outcomes of enforcement actions should be fair, just, and independent of the financial strength of the parties to the dispute.

Expensive, time consuming or unfair dispute resolution mechanisms will discourage businesses from taking enforcement action. This will discourage them from using the IP system and the nation will lose out on the benefits the system should produce. In addition, complex and costly enforcement procedures impose a burden on society, given the opportunity costs of tying up highly skilled, creative people and other resources in a largely unproductive activity.

The Federal Magistrates Service was designed to provide a quicker, cheaper option for litigants and it is intended to ease the workload of both the Federal Court and the Family Court. Furthermore, its streamlined and user-friendly procedures are designed to reduce delay and cost to litigants.

Issues:

Is it likely that the Federal Magistrates Service will provide fairer and faster adjudication of IP matters for all parties independent of the financial strength of the parties to the dispute?

Is it likely that the Federal Magistrates Service will provide a quicker and cheaper option for litigants?

Conclusion

As stated at the beginning of this paper, its purpose is to stimulate public discussion on the issue of extending the jurisdiction of intellectual property matters, namely patent, trade mark and design rights, to the Federal Magistrates Service. ACIP hopes that the issues raised are not considered to be conclusive or exhaustive and that this paper may serve to generate other relevant issues (not already identified in this paper) for discussion.

Furthermore, ACIP hopes that the potential solutions to identified problems are not constrained by current practice.

Attachment B

Written Submissions in response to ACIP's Issues Paper

Greg Bartlett and Karen Yeilds, Patent Attorneys , Phillips Ormonde Fitzpatrick Adelaide

Federal Court of Australia

Law Council of Australia - IP Committee Business Law Section

IPTA - Institute of Patent Trade Mark Attorneys of Australia

FICIPI - Confidential

Consultations in response to ACIP's Issues Paper.

List of individuals or organisations the ACIP Working Group has met with, or held discussions with, during the preparation of the Discussion Paper.

Attorney-General's Department

- Ms Janine Ward, Mr Norman Bowman

Federal Court of Australia

- Justice Lindgren, Registrar and CEO Mr Warwick Soden.

Federal Magistrates Service

- Chief Magistrate Diana Bryant, FM Michael Connolly, FM Norah Hartnett, FM Maurice Phipps, FM Kenneth Raphael, FM Murray McInnis, CEO Mr Peter May, Registrar Ms Adele Byrne.

Mr Malcolm Royal

Law Council of Australia

- Mr Ian Pascarl

IPTA - Institute of Patent and Trade Mark Attorneys of Australia

- Mr Colin Macauley, Mr Terry Collins, Mr Terry Ward.

FICPI - The International Federation of Industrial Property Attorneys (Australian Association)

- Mr Jeff Ryder, Mr Wayne McMaster, Mr Noel Brett.

Issues Paper Circulation List

Justice Operations Branch Attorney-General's Dept Canberra	President AIPPI Melbourne
Chair, Intellectual Property Committee Business Law Section Law Council of Australia Melbourne	Intellectual Property Branch Dept Communications, Information Technology and the Arts Canberra
President FICPI Australia Melbourne	President IPTA Melbourne
Business Law & Microeconomic Reform Section Business Environment Branch Dept Industry, Science and Resources Canberra	Science and Technology Innovation/Operating Environment Dept of Agriculture, Fisheries and Forestry - Australia Canberra
A/g President AMPICTA Sydney	President Law Council of Australia Canberra
Services and Intellectual Property Trade Negotiations Division Dept Foreign Affairs & Trade Canberra	Intellectual Property Branch Attorney-General's Dept Canberra

Attachment C

Listing of civil proceedings under the patent, trade mark and design legislation.

Listing of civil proceedings under the Patent Legislation

Patent Act	Provision	Title
Exclusive jurisdiction in Federal Court		
to hear and determine appeals against decisions or directions of the Commissioner	154(2)	Jurisdiction of Federal Court
	35(3)	'Applications by eligible persons following revocation by Commissioner'
	36(5)	'Other applications by eligible persons'
	42(7)	Appeal from decision of Commissioner under 42(1) 'Micro-organisms ceasing to be reasonably available' — note prescribed court also has original jurisdiction under s42(1).
	51	'Appeal' from decisions under <ul style="list-style-type: none"> section 49 'Acceptance of patent request: standard patent' and; section 50 'Application or grant may be refused in certain cases'.
	60(4)	'Hearing and decision by Commissioner'
	75(4)	'Opposition to grant of extension'
	81(4)	'Grant of patent of addition'
	82(3)	'Revocation of patent and grant of patent of addition instead'
	100A(3)	'Refusal to grant patent — re-examination before grant'
	101(4)	'Revocation of patent—re-examination after grant'
	101F(4)	'Revocation of innovation patents following examination under section 101B'
	101J(5)	'Revocation of innovation patent following re-examination'
	101N(7)	'Hearing and decision by the Commissioner'
	104(7)	'Amendments by applicants and patentees'
	109	'Appeal' from decisions under <ul style="list-style-type: none"> section 106 'Amendments directed by Commissioner: patents' and; section 107 'Amendments directed by Commissioner: applications for standard patents'
Appeals from other courts	158	'Appeals'
Concurrent jurisdiction with other prescribed courts		
	42(1)	'Micro-organisms ceasing to be reasonably available'
	120(1)	'Infringement proceedings'
	125(1)	'Application for non-infringement declaration'
	169(1)	'Declarations that inventions have been exploited'
	171(4)	'Acquisition of inventions or patents by

		Commonwealth'
	192(1)	'Orders for rectification of Register'
Transfer of proceedings from another prescribed court	157	'Transfer of proceedings'
	128(1)	'Application for relief from unjustified threats'
	133(1)	'Compulsory licences'
	134(1)	'Revocation of patent after grant of compulsory licence'
	138(1)	'Revocation of patents in other circumstances'
	165(2)	'Remuneration and terms for exploitation'
	165A(1)	'Exploitation of invention to cease under court order'
Jurisdiction of prescribed court under the Regulations	subreg 3.26(1)	'Breach of undertakings given in respect of micro-organisms'
Jurisdiction of 'a court' under the Regulations	subreg 22.17(2)	'Incapacity of certain persons'
Instances of 'another court having jurisdiction to hear and determine the matter'		
	120(1)	'Infringement proceedings'
	128(1)	'Application for relief from unjustified threats'
	158(1)(b)	Appeals to Federal Court
No reference to a court	211	'Recovery of costs awarded by Commissioner'

Listing of civil proceedings under the Trade Marks Legislation

Trade Marks Act	Provision	Title
Exclusive jurisdiction in Federal Court		
to hear and determine appeals against decisions or directions of the Commissioner	191(2)	Jurisdiction of Federal Court
	35	Appeal from decision of the Registrar to <ul style="list-style-type: none"> accept the application subject to conditions or limitations; or to reject the application
	56	Appeal from decision of the Registrar under section 55 'Decision'
	67	Appeal from decisions of Registrar under <ul style="list-style-type: none"> section 63 'Amendment of application for registration of trade mark'; section 64 'Amendment before particulars of application are published'; section 65 'Amendment after particulars of application have been published'; or section 66 'Amendment of other documents'.
	83(2)	'Amendment of particulars of trade mark entered in Register '
	104	Appeal from decision of Registrar under <ul style="list-style-type: none"> section 101 'Determination of opposed application—general'; or section 102 'Determination of opposed application—localised use of trade mark'
Appeals from other courts	195	'Appeals'
Appeals under the Regulations		
	17A.26	Appeal from Registrar's decision under reg 17A.24
	17A.35	Appeal from Registrar's decision under reg 17A.34
Concurrent jurisdiction with other prescribed courts		
	85	'Amendment to correct error or omission'
	86	'Amendment or cancellation on ground of contravention of condition etc.'
	87	'Amendment or cancellation — loss of exclusive rights to use trade mark'
	88(1)	'Amendment or cancellation—other specified grounds'
	92(3)	'Application for removal of trade mark from Register etc.'
	94	'Referral to court' by the Registrar
	96(1)	'Notice of opposition'
	125(1)	'What courts may hear action for infringement of registered trade mark'
	129(1)	'Groundless threats of legal proceedings'
	130(a)	'Counterclaim by defendant in action on groundless threats '

	137(1)	'Action for infringement of trade mark'
	181(2)	'Rectification of the Register by order of court' — Certification trade marks
	182(1)	'Variation of rules by order of court'
Transfer of proceedings from another prescribed court	194	'Transfer of proceedings'
Jurisdiction of prescribed or other courts under the Regulations		
	8.1(3)	'Notice of cancellation'
	10.2(1)(b)	'Recording of assignment etc - trade marks not registered'
	10.4(1)(b)	'Recording of assignment etc of registered trade marks'
	10.5(1)(b)	'Notice to persons recorded as claiming right or interest in trade marks'
	11.3(5)	'Cancellation of particulars - claimed interests or rights'
	17A.43	Amendment or cessation of protection - contravention of condition
	17A.44(2)	'Amendment or cessation of protection - loss of exclusive rights to use trade mark'
	17A.45(1)	'Amendment or cessation of protection - other specified grounds'
	17A.48	'Cessation of protection for non-use'
	17A.59	'Trade marks affected by claimed interests and rights'
	17A.70(2)	'Correction of errors or omissions in Record of International Registrations'
'any other court having jurisdiction'	125(2)	'What courts may hear action for infringement of registered trade mark'
	129(1)	'Groundless threats of legal proceedings'
'court of competent jurisdiction'	221(3)	'Costs awarded by Registrar'
-"-	141(b)	'Insufficient security'
'a court'	Reg 21.31(1)	'Incapacity of certain persons'

Listing of civil proceedings under the Designs Legislation

Designs Act	Provision	Title
Exclusive jurisdiction in Federal Court		
to hear and determine appeals against decisions of the Registrar	40G(1A)	Jurisdiction of Federal Court
	22B(2)	'Amendment of application etc.'
	24(3)	'Registrar may refuse to register design'
	27A(11)	'Period during which registration is in force': appeal from refusal by the Registrar of extension of period of registration of design
Appeals from other courts	40I(1)	'Appeals'
Concurrent jurisdiction with other prescribed courts		
	28	Applications to prescribed court <ul style="list-style-type: none"> • for the cancellation of the registration of the design • for the grant of a compulsory licence
	31	'Infringement actions'
	32C(1)	'Application for relief from unjustified threats'
	39	'Rectification of register'
	40A(4)	'Use of designs for services of the Commonwealth or a State'
	40B(1)	'Declaration may be sought as to use of registered design'
	40D(3)	Acquisition of designs by the Commonwealth
Transfer of proceedings from another prescribed court	40H(1)	'Transfer of proceedings'
'a court of competent jurisdiction'	42D	'Recovery of costs'
'a court that is not a prescribed court'	31	'Infringement actions'
'any other court in an action or proceeding referred to in section 31'	40I(1)(b)	'Appeals'
'another court having jurisdiction to hear and determine the application'	32C(1)	'Application for relief from unjustified threats'

Attachment D

General Federal Law FeesFee schedule obtained from the FMS website at <http://www.fms.gov.au/html/fees.html>

ITEM	FEDERAL MAGISTRATES COURT	FEDERAL COURT
Initial proceedings		
Corporations	\$546	\$1262
Others	\$273	\$526
HREOC unlawful discrimination	\$50	\$50
Interlocutory- interim/procedural orders		
Corporations	\$327	\$258
Others	\$164	\$129
Setting Down Fee		
Corporations	\$655	\$2104
Others	\$327	\$1052
Mediation		
Corporations	\$218	\$526
Others	\$218	\$263
Daily Hearing Fee <i>In General</i>		
Corporations	NIL	\$842
Others	NIL	\$420
Daily Hearing Fee <i>In Notice of Motion</i>		
Corporations	NIL	\$420
Others	NIL	\$210

The lower fees in the Federal Magistrates Court reflect the fact that the FMS deals with less complex matters.