

# **Australian Government Response to the Advisory Council on Intellectual Property Report: A Review of Post-Grant Patent Enforcement Strategies**

## **Background**

The Advisory Council on Intellectual Property (ACIP) is an independent body that advises the Minister on intellectual property matters. In 2006, the Government asked ACIP to:

Inquire and report on issues relating to post-grant patent enforcement strategies to benefit the Australian economy by assisting patentees to effectively enforce their patent rights.

On 19 February 2010, the Minister for Innovation, Industry, Science and Research, Senator the Hon Kim Carr, released the final ACIP report entitled *Post-Grant Patent Enforcement Strategies*.

## **ACIP's recommendations**

ACIP believed that there were significant barriers to the effective enforcement of patents and that this caused sub-optimal use of the patent system by innovators in Australia. ACIP was notably concerned about access to affordable out-of-court mechanisms to resolve patent disputes, particularly for small and medium-sized enterprises (SMEs). ACIP recommended a number of legislative and procedural changes relating to alternative dispute resolution services and access to enforcement information and advice. The most significant recommendations were:

- IP Australia establishes an IP dispute resolution centre similar to the World Intellectual Property Organization's Arbitration and Mediation Centre;
- The IP dispute resolution centre administers a register of experts who can provide IP assessments, mediation and arbitration;
- The IP dispute resolution centre include a Patent Tribunal;
- IP Australia establishes a resource which provides information about patent enforcement;
- Customs and Border Protection be provided with the power to seize goods at the border where the patent owner has forewarned them of a shipment of infringing goods.

Provided below is the Australian Government Response to the ACIP report entitled *A review of Post-Grant Patent Enforcement Strategies*.

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## Government Response

ACIP Recommendations	Government Response
<p>1. That IP Australia establish and support an IP dispute resolution centre along the lines of WIPO's Arbitration and Mediation Center, which in the first instance focuses on patent disputes. Funding for the centre should be consistent with the Government's principle of cost recovery.</p>	<p><b>Accepted in part</b></p> <p>The Advisory Council on Intellectual Property (ACIP) has investigated and reported on a similar issue in its report <i>A review of enforcement of Plant Breeder's Rights</i>, January 2010. Recommendation 15 in the PBR enforcement report recommends the establishment of an IP Dispute Resolution Centre.</p> <p>WIPO's Arbitration and Mediation Centre provides advice, holds workshops, and facilitates mediation and expert determinations.</p> <p>The Government believes that alternative dispute resolution (ADR) mechanisms can provide significantly quicker and cheaper avenues for enforcing patent rights. However, the Government considers that it is not appropriate for IP Australia, as a regulatory agency, to provide post-grant mediation services.</p> <p>In order to facilitate access to ADR information, IP Australia will work with organisations such as the LEADR, the Association of Dispute Resolvers, and the National Alternative Dispute Resolution Advisory Council, to establish a new ADR resource. This resource will include a register of accredited ADR providers with expertise in a range of intellectual property (IP) rights.</p>
<p>2. That the IP Dispute Resolution Centre administer a register of experts that could be drawn upon for expert assessment (including opinions on validity and infringement, non-binding determinations and other types of expert assessment), mediation and arbitration.</p>	<p><b>Accepted</b></p> <p>IP Australia will provide on its website access to a register of accredited ADR providers with expertise in IP. Such providers will offer a range of the services recommended by ACIP.</p>

<p>3. That an embodiment of the determination mechanism in the IP Dispute Resolution Centre is provided in the form of a Patent Tribunal along the following lines:</p> <p>(a) each Tribunal hearing panel to comprise up to 3 people, integrating legal and technical expertise</p> <p>(b) Tribunal hearing panel members to be drawn from the register of experts established under Recommendation 2;</p> <p>(c) patent attorneys to have a right to appear;</p> <p>(d) the Tribunal to have more streamlined procedures and simplified evidentiary requirements than a court;</p> <p>(e) the Tribunal to take a pro-active and inquisitorial role;</p> <p>(f) mechanisms be introduced to encourage parties to comply with the Tribunal's non-binding determinations, and to discourage parties from using the courts instead of the Tribunal where it would be appropriate to do so; and</p> <p>(g) that the effectiveness of the Patent Tribunal be monitored from its date of establishment.</p> <p>(See also Recommendation 15 of the PBR Enforcement report on page 5.)</p>	<p><b>Not accepted</b></p> <p>In its report, ACIP considered the establishment of a non-judicial tribunal which has the power to issue determinative judgments. However, this is not viable because judicial power may not be vested in a body unless it is a 'court' within the meaning of s.71 of the Constitution.</p> <p>ACIP recommends that a Patent Tribunal without the power to issue binding determinations be established as an alternative. The Government considers that this model has limited benefits. Both parties in a dispute would have to agree to use the Tribunal. Its decision would not be binding and mechanisms to encourage the parties to abide by its decisions would be limited. Such a body may therefore only add another layer of appeal.</p> <p>Parties in dispute already have the option of agreeing to arbitrate in a form of ADR. As noted in its response to Recommendations 1 and 2, the Government is committing to improve the information available on ADR for IP matters.</p> <p>On balance, the Government considers that the costs of a Patent Tribunal to the parties in a dispute, in particular the potential uncertainty created by such a body, outweigh the potential benefits at this time.</p>
<p>4. That IP Australia establish a resource which provides information about patent enforcement.</p>	<p><b>Accepted</b></p> <p>The Government believes that better public information on IP infringement would benefit IP right owners seeking to enforce their rights. The resource will include a range of information on the options and contacts available to users. This will include information on the scope of protection provided by different IP rights, the role of IP right owners, attorneys and IP lawyers, ADR options and providers, court processes, typical costs and potential outcomes.</p>

<p>5. That:</p> <p>(a) the Patents Act 1990 (Cth), and the rules of courts exercising jurisdiction under the Patents Act, be amended to ensure that the Commissioner of Patents is provided with information about the existence and the outcome of all court actions in respect of a patent; and</p> <p>(b) IP Australia provide public access to the information so provided to the Commissioner of Patents, either through or in association with its online searchable databases of patent information.</p>	<p><b>Accepted in part</b></p> <p>The Government believes that making information on court proceedings in relation to patents more accessible to the public would be beneficial.</p> <p>However, the Government considers that legislative amendments are not necessary to achieve this. IP Australia will work with the courts to obtain the information administratively. IP Australia will make the court information publicly available.</p>
<p>6. That IP Australia continue to encourage and assist countries in the region to improve their patent enforcement systems.</p>	<p><b>Accepted</b></p> <p>The Government accepts this recommendation. IP Australia works to assist countries in the region to strengthen their patent systems in general. A strong patent system helps make for quality, enforceable patents. It will continue this work through the United Nations' World Intellectual Property Organization (WIPO), the Asia Pacific Economic Cooperation (APEC), relevant Free Trade Agreements, and office-to-office patent work sharing arrangements.</p>
<p>7. That IP Australia expand its advocacy program to other countries in the region in which Australian companies do business.</p>	<p><b>Accepted in principle</b></p> <p>The Government accepts this recommendation, subject to budget constraints. IP Australia provides a number of resources to assist Australian businesses manage their IP in other countries, particularly in the Asia-Pacific region. These include the online tools Intellectual Property Explorer and IP Passport, and support for business seminars on trading with Asia.</p>
<p>8. That legislation be introduced to empower Australian Customs officials to seize goods at the border where the rights holder has forewarned them of a shipment of infringing product.</p>	<p><b>Not accepted</b></p> <p>The Government considers that the decision on which goods should be seized should be made by an independent party, not by the patent owner. As Customs does not have the</p>

	<p>necessary expertise to make such a decision in patent matters, the most appropriate solution is for the patent owner to seek an injunction from a court under section 122 of the Patents Act preventing Customs from releasing the suspected goods.</p> <p>Under Order 25 of the Federal Court Rules, in urgent cases the Federal Court may make an order for the detention, custody, preservation or inspection of property before proceedings have commenced. Information on such injunctions will be included in the resource discussed in Recommendation 4.</p>
<p>9. That IP Australia continue to monitor and review the opposition processes both locally and abroad to identify whether there is any convincing reason for change from the pre-grant opposition process.</p>	<p><b>Accept</b></p> <p>The Government accepts this recommendation.</p>