



IP Enforcement in Australia

What's Actually Happening in the Courts?

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Outline of Presentation

- **Part 1:** Background, Objectives and Methodology
- **Part 2:** Patent Litigation activity
- **Part 3:** Patent Infringement Cases and Outcomes
- **Part 4:** Trade Mark Infringement Cases and Outcomes





Part 1

Background, objectives and methodology





Keeping an eye on the Register – oppositions.

Working with Customs

Working with criminal enforcement agencies

Appeal

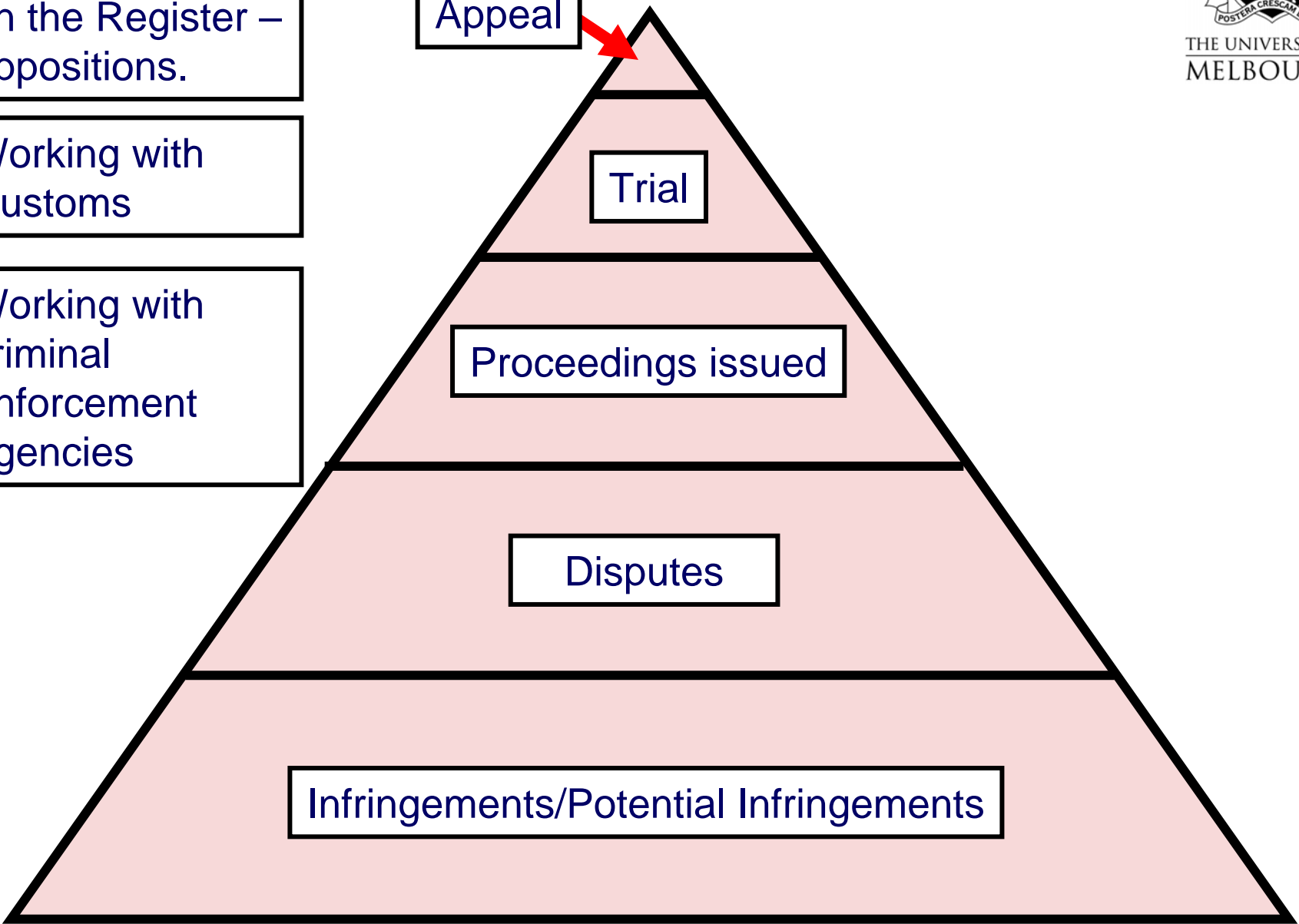


Trial

Proceedings issued

Disputes

Infringements/Potential Infringements





Background

- Importance of both realities and perceptions about enforcement – possible feedback effects on use of system and innovation
- Practitioner “folklore” – “20% rule”
- Burgeoning literature in the US





Methodology

- Empirical study
- Judgments sourced from CaseBase, AustLII and Butterworths Unreported Judgments.
- Judgments read and coded in a standardised way into purpose-built database
- Supplemented using Federal Court databases (FEDCAMs, CaseTrack)





Data Collected

- Proceedings Data
 - Basic details
 - Important dates
 - Court hours
- IP data
 - IP right number (Patent number, trade mark number) and other information about the IP involved in the case.
- Outcomes data
 - Outcomes on validity and infringement, and grounds





The Disclaimer!

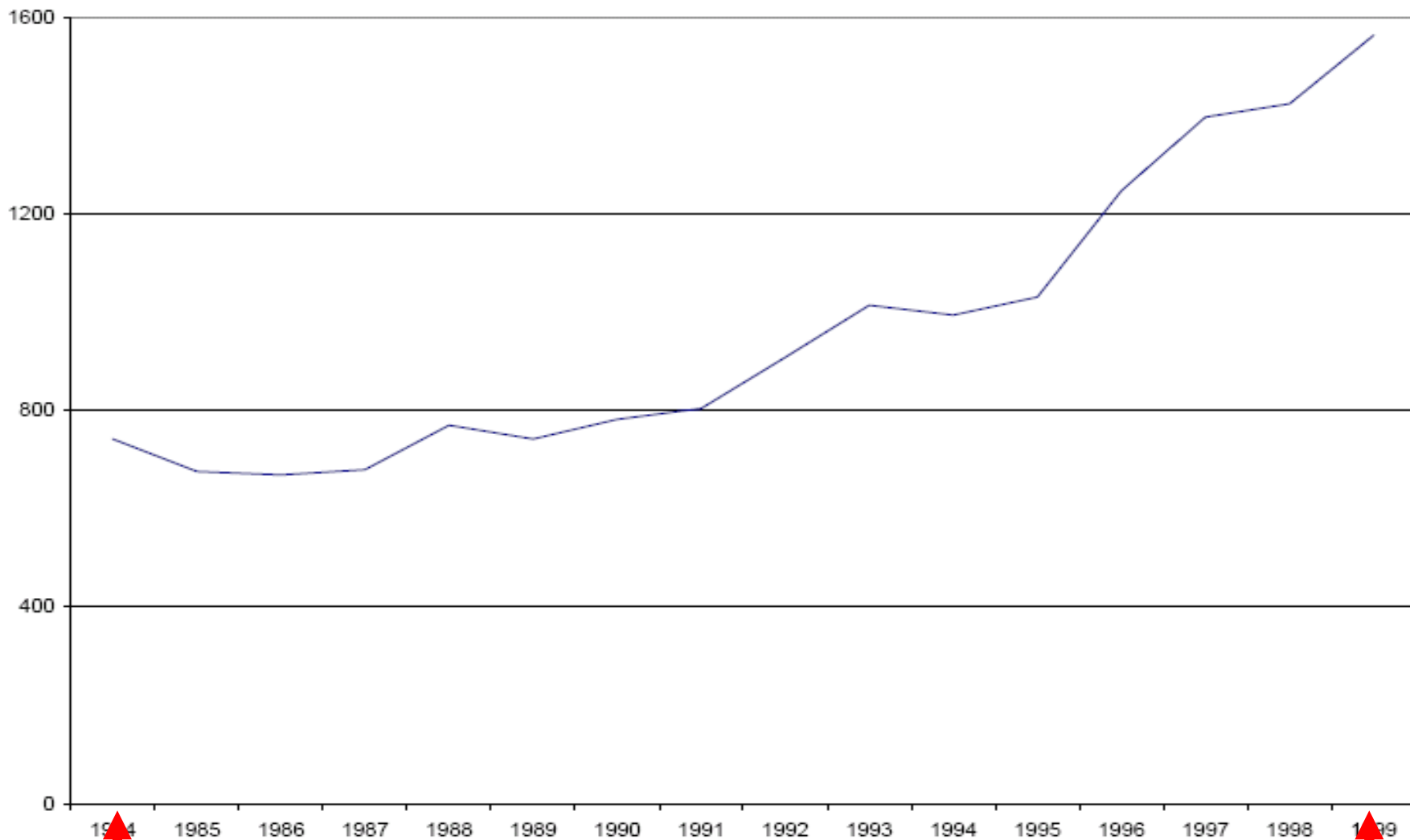
Numbers provide just one, possibly useful perspective.
They must be interpreted and discussed with care.





Part 2: Patent Litigation Activity





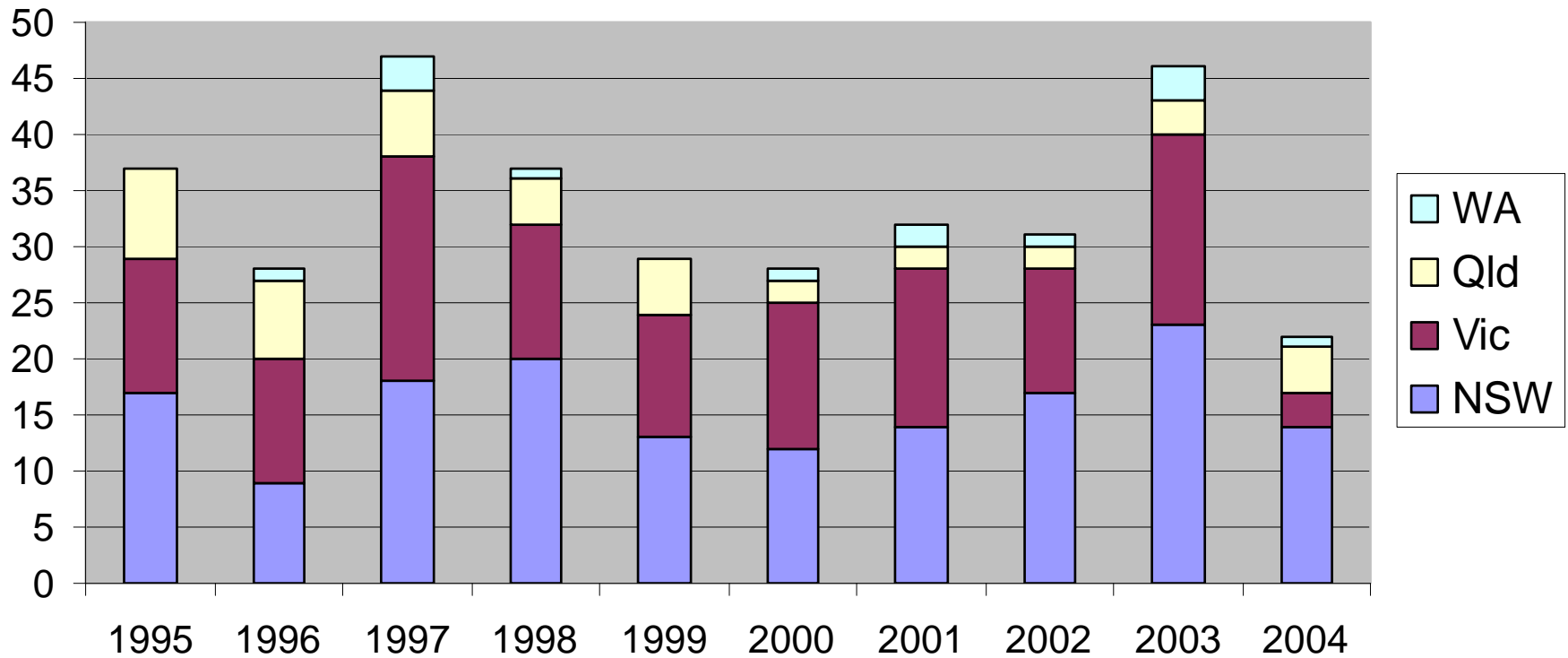
1984

US Patent lawsuits filed annually
(Derwent Data from USPTO, 1984 – 1999)
(Source: Meurer & Bessen 2005)

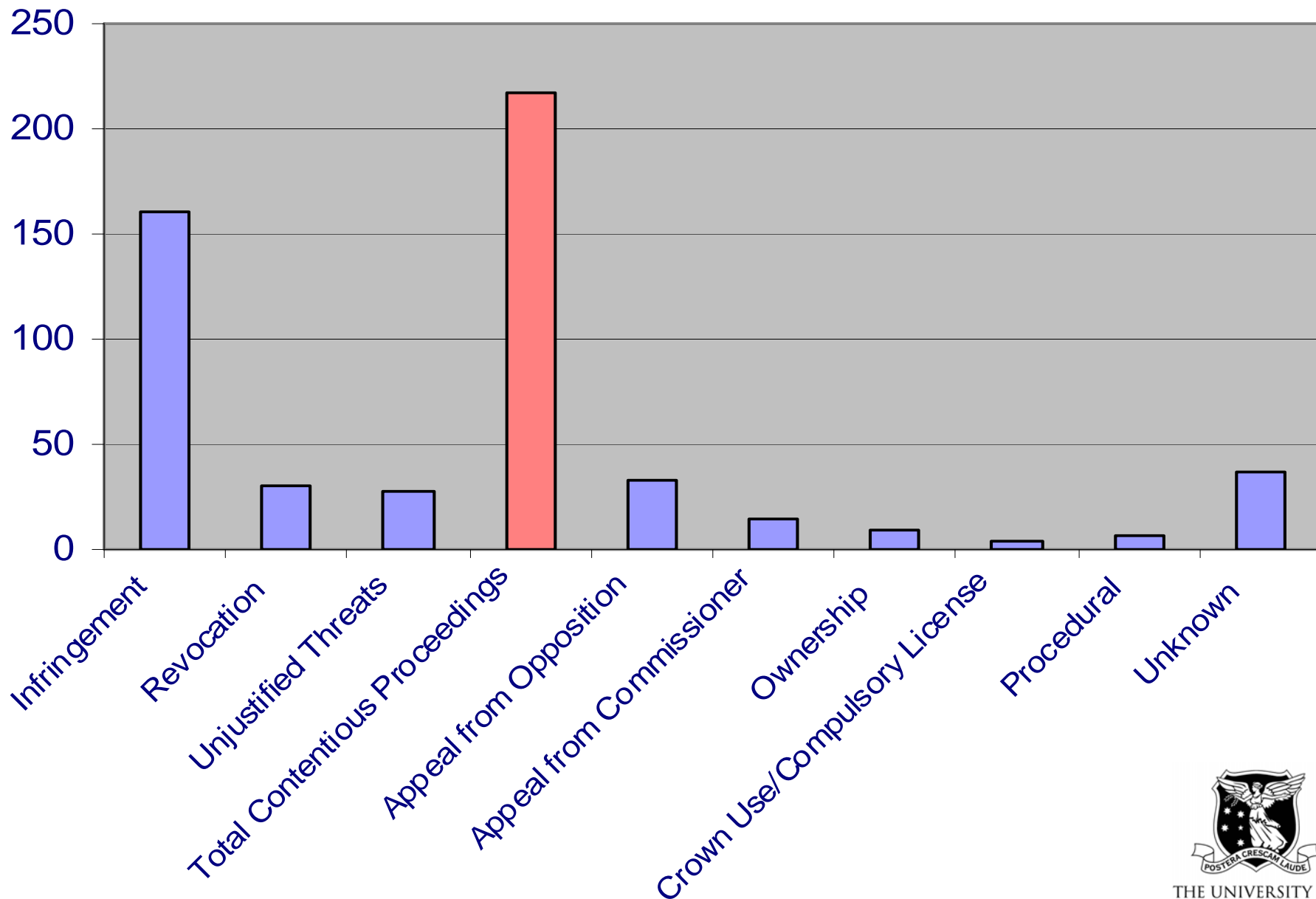
1999



Patent proceedings issued in the Federal Court by year and state (first instance only)



Patent: Issued Proceedings by Type 1995-2004



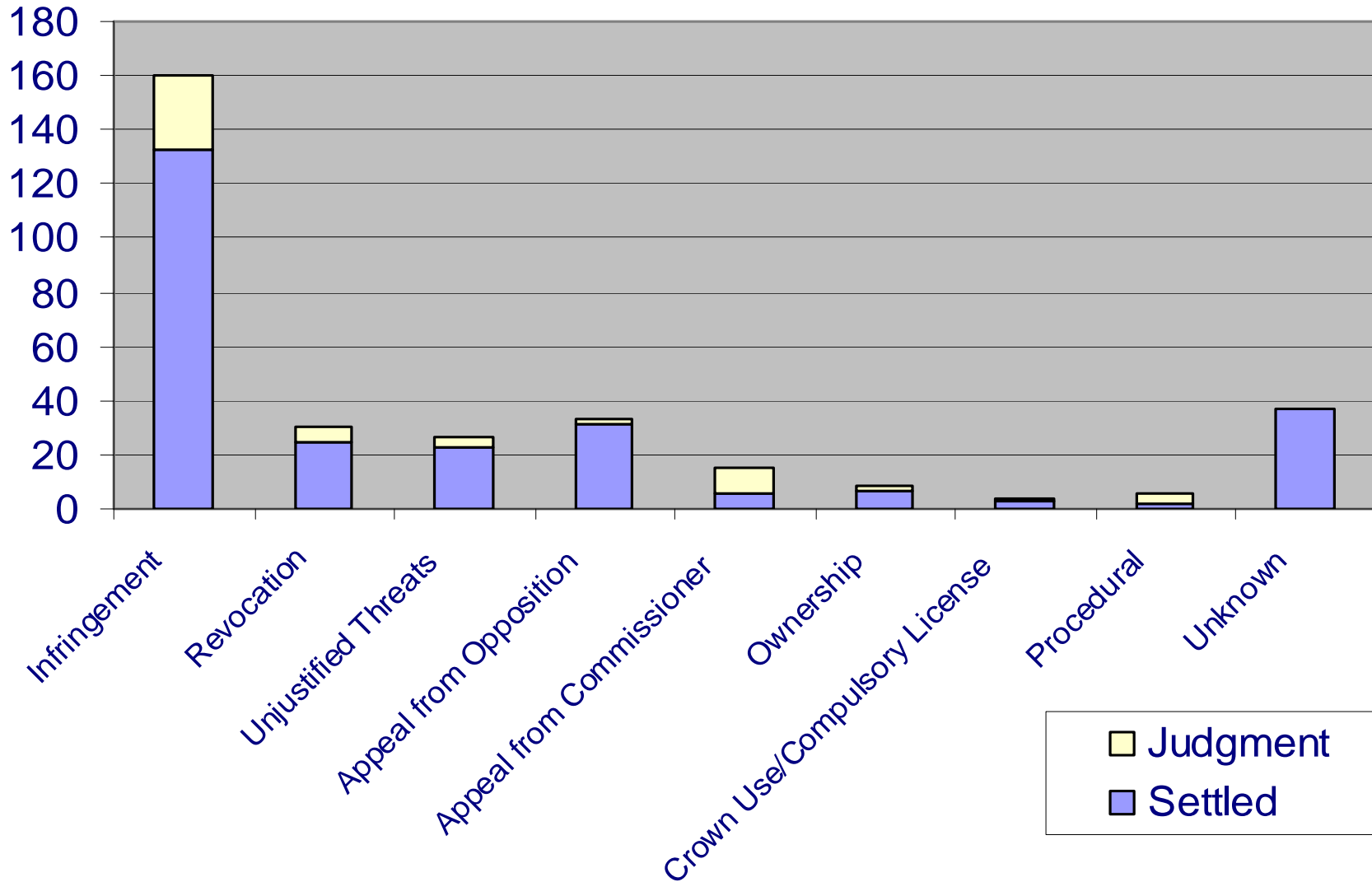


What proportion of patent cases settle?

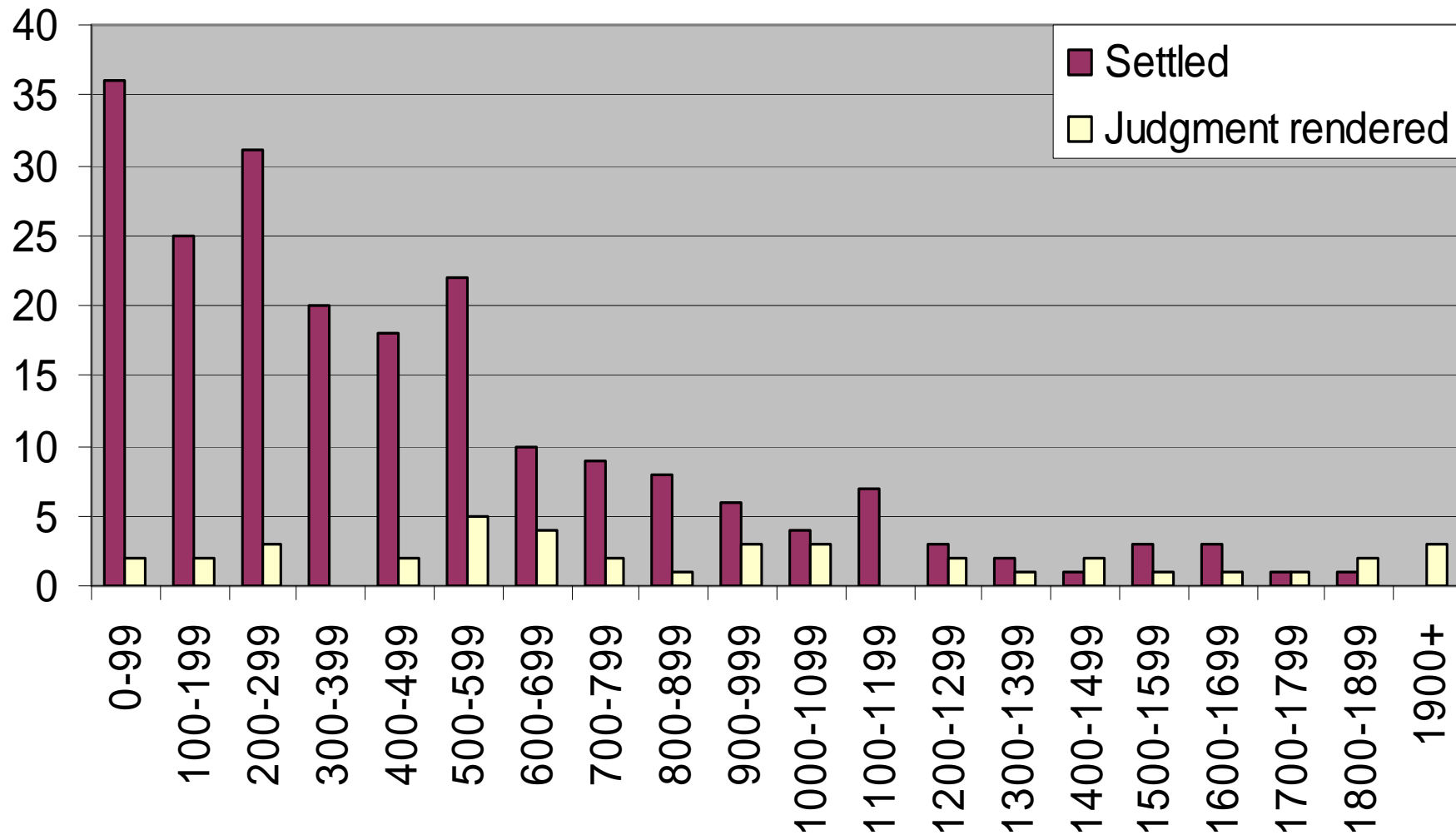
1995-2002: approximately 15% (40 of 259) proceedings ended with a judgment on merits



Patent: Issued Proceedings by type 1995-2004 (first instance only, Federal Court only)



Patent: Length of proceedings between issue and termination 1995-2002





Part 3: Patent Enforcement

Outcomes in Patent Infringement Proceedings





Patent Proceedings 1997-2003

- 54 proceedings generating at least one decision
 - 31 original proceedings
 - 23 appeals
- High rate of appeal: 52% of original judgments appealed at least once





Patent validity determinations 1997-2003

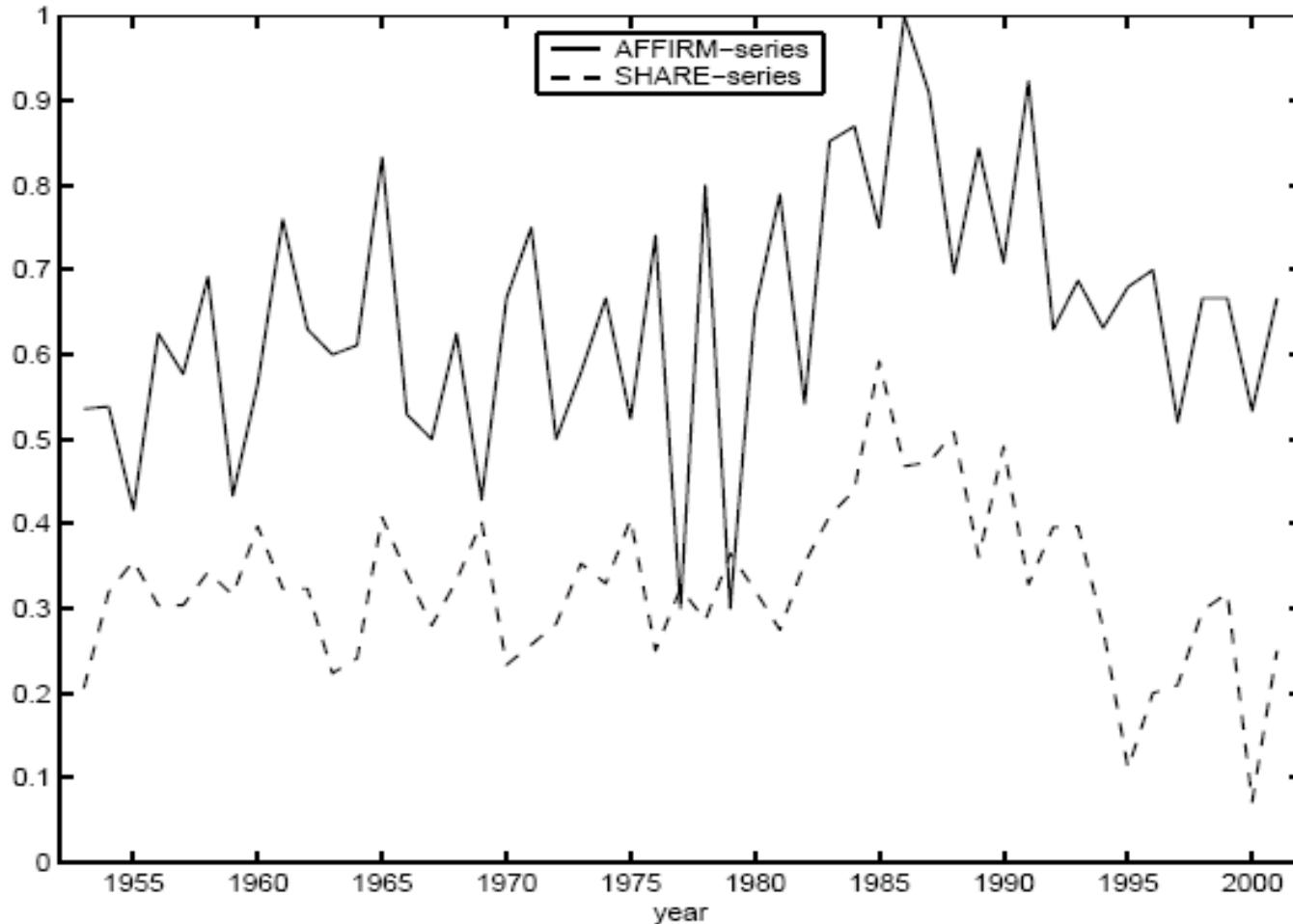
Determination	Original Determinations		Appeal determinations		Ultimate Determinations	
	No.	Percentage of original determinations	No.	Percentage of appeal determinations	No.	Percentage of ultimate determinations
All claims upheld	14	41%	5	26%	15	47%
Some claims upheld	7	21%	3	16%	3	9%
No claims upheld	13	38%	11	58%	14	44%
Total	34	100%	19	100%	32	100%





International Context on validity determinations

Study		Years studied	Valid	Invalid
Drummond (2000)	Aus	1990-2000	39.5%	60.3%
Jensen & Weatherall (2005)	Aus	1997-2003	56%	44%
Allison & Lemley (1998)	US	1989-1996	54%	46%
Landes & Posner (2003)	US	1983-1995	67%	33%
Moore (2000)	US	1983-1999	67% (Judge: 64%)	33% (Judge : 36%)



Affirmation rates in US CAFC of ‘valid and infringed’ decisions by District Courts over time (Source: Henry and Turner 2005)





Grounds for Patent Invalidation 1997-2003

Grounds for Invalidation	Original Determination	Appeal Determination	Ultimate Determination
Novelty	8	4	8
Obviousness	10	4	6
Fair basis	10	3	5
Clarity	3	2	5
Description	2	2	2
No manner of new manufacture	3	0	1
Entitlement	1	1	1
Utility	1	0	0



Patent Infringement Determinations, 1997-2003

Determination	Original Determinations		Appeal Determinations		Ultimate Determinations	
	No.	%	No.	%	No.	%
Infringement	15	50%	10	59%	16	57%
Some Infringement	0	0	1	6%	1	4%
No Infringement	15	50%	6	35%	11	39%
Total	30	100%	17	100%	28	100%





International Context for Patent Infringement Determinations

Authors		Years studied	Infringed	Not infringed
Jensen & Weatherall (2004)	Aus	1997-2003	61%	39%
Landes & Posner (2003)	US	1988-1995	48%	45%
Moore (2000)	US	1983-1999	65% (Judge only: 59%)	35% (Judge only: 41%)





Bottom line for patentees?

- Two ways to measure:
 - Drummond J: result each time a patent comes before a court what is the result (appeal and original)?
or
 - Ultimate decision on each patent that was litigated?





(1) Drummond approach

Interaction between Validity and Infringement Determinations

Validity

		Validity			
		Valid	Partially valid	Invalid	
Infringement	Infringed	13	6	4	23
	Not Determined	-	-	12	12
	Not Infringed	7	3	5	15
		20	9	21	50



Bottom Line method 2: ultimate decisions on individual patents

Not determined	Win for patentee	Loss for patentee	Total
4	13	23	40
10%	32.5%	57.5%	100%

Include High Court remitters as wins for patentees:

2 (5%)	15 (37.5%)	23 (57.5%)	40 (100%)
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Part 4

Trade mark infringement proceedings and outcomes





Trade mark proceedings: types of infringement cases

Case Type	Interlocutory	Original	Appeal	Total
Counterfeit	1	23	0	24
120(1)	10	27	8	45
120(2)	2	3	3	8
120(3)	1	3	0	4
Total	14	56	11	81





Why so many counterfeit cases going through to judgment?

- Deterrent effect
- Requirements under Part 13 of the Act
- Non-cooperative respondents





The deterrent effect

- In counterfeiting cases: of 20 cases where final order available:
 - 20 had an injunction
 - 16 involved delivery up of copies and/or equipment
 - 14 involved damages or account of profits (figures ranging \$200,000 - \$653,819)
 - 20 involved payment of costs (2 involving indemnity costs)
 - 12 had all 4 orders





Counterfeit Proceedings

Appearance in Court (someone shows up)

		Yes	No	
Representation (Lawyer in Court)	Yes	3	n/a	3
	No	7	13	20
		10	13	23





Trade mark infringement determinations 1997-2003

Determination	Ultimate Proceedings (all proceedings)	
	No.	Percentage of ultimate determinations
Win	30	58%
Partial Win	2	4%
Loss	20	38%
Total	52	100%



Trade mark infringement determinations 1997-2003

Determination	Counterfeit Proceedings		Non-counterfeit Original Proceedings	
	No.	Percentage of original determinations	No.	Percentage of appeal determinations
Win	22	96%	11	38%
Partial Win	1	4%	1	3%
Loss	0	0	17	59%
Total	23	100%	29	100%



Why a low success rate in non-counterfeit cases?

- Uncertainty about the law?
- Differential stakes – high stakes for trade mark owner, low stakes for alleged infringer?





Conclusion

