

**Submission to the Advisory Council on Intellectual Property
in response to its Interim Report**

Post-Grant Patent Enforcement Strategies

**Intellectual Property Research Institute of Australia
(IPRIA)**

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1. Preface

The Intellectual Property Research Institute of Australia (IPRIA) is a national centre for multi-disciplinary research on the law, economics and management of intellectual property. It is based at the University of Melbourne, and is a joint venture of the Melbourne Law School, the Faculty of Economics and Commerce, and the Melbourne Business School. IPRIA's research focuses on ways to improve the protection, management and exploitation of intellectual property by business, research institutions and other users of the IP system, and on supporting high quality policy development by government in areas relating to intellectual property. It seeks to use the outcomes of its research to create and contribute to public debate on key issues relating to intellectual property.

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2. Introduction

ACIP has sought submissions regarding post-grant enforcement strategies in patent practice. The Council's review has been prompted by concerns that the enforcement of patent rights, through the courts, is complicated, prohibitively expensive and time consuming. This submission is offered in response to the Council's Interim Report.

This submission takes the form of a summary of some of the empirical work that has been carried out by Kim Weatherall,¹ Chris Dent and Andrew Christie.² The focus of this research was not on the enforcement of patent rights specifically, but on the operation of the patent opposition procedures in Australia.³ To understand the operation of these procedures, and the operation of comparative procedures in other jurisdictions, we interviewed patent practitioners and Patent Office staff in Australia, Europe and the United States.⁴ As an associated aspect of the patent system, we asked a number of interviewees about alternative forms of dispute resolution procedures to the opposition procedure. The responses to these questions form the basis of this submission.

The alternative dispute resolution procedures addressed were mediation and the validity and infringement opinion service offered by the United Kingdom Intellectual Property Office (UKIPO). This submission, therefore, is aimed primarily at Proposals 1-4 of the Interim Report. The submission will conclude with a brief summary of the key points that go to the purpose of ACIP's review of post-grant enforcement strategies.

3. Australian Practitioner Attitudes to Mediation

We asked Australian practitioners about the potential benefits of mediation service as an alternative to the patent opposition procedure. We were interested in their

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³ This research was supported by an ARC Discovery grant (DP0666803 '...and by opposing, end them: A Comparative Examination of Opposition Processes in Patent Law').

⁴ The interviews included in this submission took place between 2007 and 2009. Assistance to the analysis of the transcripts was ably provided by Julia Wang. The integrity of the questionnaire and interview phases of the research is, in part, based on the anonymity of responses. In keeping with this principle, the transcripts were assigned pseudonyms prior to coding. As a result, any direct quotes from interviewees are attributed to these 2 letter pseudonyms. The only identification possible is that the first letter relates to the jurisdiction of the interviewee (Australia or England) and second letter refers to the respondent being either a Patent Office employee (H), a patent attorney (A) or lawyer (L).

responses to these questions because we understood that the opposition procedures are expensive and time-consuming. In brief, attitudes to mediation were mixed.

One attorney was clear: 'it would be good to have some kind of mediation process available'.⁵ A lawyer called the prospect 'reasonable', as long as it was 'in the right hands'.⁶ Another considered that he would, in certain circumstances, suggest mediation to a client – particularly if he thought personal issues were getting in the way of a reasoned analysis of the patent dispute.⁷

The opposite view was also evident. One attorney said, for example, that mediation was not something he would suggest to his clients.⁸ It was also suggested that, given the global nature of many patent disputes, mediation may not be useful for a significant proportion of disputes.⁹

For those who thought that mediation could be useful, two further matters were considered. These were: when mediation should take place and who should have the role as mediator. In terms of the first of these, there was only one response.¹⁰ That attorney considered that it should take place 'early on'.¹¹

With respect to who should conduct the mediation, one attorney thought that, while it could be within IP Australia, it should not be overseen by the same department that ran oppositions – 'if you're in the middle of a hearing, for them to suddenly turn from an arbitrator into a mediator; I mean, it isn't the right way to do it'.¹² One advantage, for this interviewee, to having IP Australia mediate would be the capacity for the office to have a role in the formulation of amendments to the patent application that would resolve the dispute – a form of early neutral evaluation.¹³ A lawyer agreed that it 'would help' if the Office had a role in encouraging agreement between parties to a patent dispute.¹⁴

⁵ AA3, similar AA15.

⁶ AL9; there was no discussion of whose hands were right.

⁷ AA11.

⁸ AA13.

⁹ AA10.

¹⁰ As the opposition process was the focus of the interviews, not all participants were asked to detail their attitudes to mediation – it was only if the topic came up that follow-on questions were asked.

¹¹ AA3.

¹² AA3.

¹³ AA3. The attorney was considering the potential role of mediation within the context of a (pre-grant) opposition and, therefore, considered the possibility in terms of a dispute over a patent application rather than a granted patent. A similar advantage may be evident for post-grant disputes.

¹⁴ AL4.

On the other hand, however, one interviewee did not consider that it would be ‘appropriate’ for IP Australia to conduct mediations as their expertise is the examination of patents and not ‘business scenarios’ or licensing.¹⁵ This was the position of another attorney – ‘I don’t think it’s up to the Commissioner to say “this is an *inter partes* matter, go and sort it out between yourselves.”’¹⁶ A third suggested there is a ‘possibility’ for the role of mediation, but it should be overseen by a ‘specialist mediator’.¹⁷ One attorney offered the pragmatic insight that, given the number of disputes that settle anyway, ‘it’s probably not worth the investment’ to train IP Australia staff to act as mediators.¹⁸

4. English Attitudes to the UKIPO Opinion Services

Instead of asking practitioners (attorneys and experienced patent examiners) in England about mediation generally, we asked them about the validity and infringement opinion services offered by the UKIPO.

With respect to the operation of the system, a number of aspects were noted. A key point was the cost of the services. One attorney highlighted that the service was ‘much cheaper than getting a barrister’s opinion’;¹⁹ he had yet to be party to an opinion, however, he considered that the service ‘might be useful for the right kind of dispute’.²⁰ This was reinforced by another attorney who said that it was a ‘good system for people who can’t afford patent attorneys’.²¹

The second attorney also suggested that he would not use the service because ‘my clients pay us to know whether a patent is valid, or infringed, or not; we can do better than the patent office’.²² This perspective was justified on the grounds that attorneys had much more training on matters of infringement than patent examiners. An attorney with over 20 years in the profession concurred with respect to the validity opinion service: ‘I don’t perceive the role of the patent office as being to give

¹⁵ AA7, similar AA5, AL7. The lawyer suggested that the ‘agendas’ involved in a patent dispute are ‘too complicated’ for IP Australia to have a role in mediation.

¹⁶ AA4.

¹⁷ AA11. Another attorney suggested that retired patent attorneys could act as mediators: AA6.

¹⁸ AA8.

¹⁹ EA2. One examiner indicated that ‘if I was a large corporation with a relatively deep pocket, I wouldn’t go down the opinion bridge’: EH1.

²⁰ EA2.

²¹ EA5, similar EA4. One examiner did note, however, that in the majority of those seeking an opinion had at least some assistance from an attorney: EH1.

²² EA5. Others considered a ‘relatively seldom used procedure’: for example, EA6.

effective advice on validity. I think that's our territory'; unsurprisingly, the attorney didn't envisage using the service.²³ (It may be argued that this demarcation issue colours the attitude of many practitioners.) Another interviewee said that the validity opinion service was a 'very good thing because it can bring a degree of sanity to the system'; he, however, admitted that he hadn't used the service yet.²⁴ A further perspective was offered by an attorney who thought that the service was of less value to those in his area of expertise:

I just feel that the opinion system doesn't really suit these chemical cases ... it suits ones where it's clear on the face of just reading the documents what's going on. But chemical cases often aren't quite like that. You need test data to work out that properties these chemicals have.²⁵

With respect to the declarations of non-infringement, one senior attorney indicated that they could be 'very useful ... tactically'.²⁶ This perspective was reinforced by an in-house attorney who suggested that the service was useful to get parties to the negotiating table, to 'avoid ... real litigation and costs'.²⁷

One examiner highlighted the relatively high numbers of requests to review the opinion published by the UKIPO.²⁸ When the interview was conducted, about 40 opinions had been published; of these, 12 were followed by a request to review the opinion. The reason offered was that many of those who sought the opinion were private patent holders who had strong feelings about the validity of their patent; the fact that a review cost only £50 in addition to the £200 for the opinion also was understood to contribute to the rate of review requests.²⁹ It is not clear from ACIP's Interim Report whether Proposal 2 is to include all aspects of the UKIPO services (such as the review mechanism).

Overall, a common response was that the interviewees were 'monitoring' the service;³⁰ this is not surprising given the relative newness of the procedures.

²³ EA8.

²⁴ EA4.

²⁵ EA11.

²⁶ EA8, similar EL1.

²⁷ EA7; this attorney had used the service.

²⁸ EH1.

²⁹ The examiner also noted that review process was conducted as an inter partes proceedings, with the possibility that costs may be awarded against the party requesting the review. The examiner referred to one instance where a costs order of £1500 was made against a private individual.

³⁰ For example, EA11.

5. Summary

In short, the empirical work referred to here suggests that both a mediation and an opinion service may have a limited role in the resolution of post-grant patent disputes. Their use may be limited for two reasons – the resistance of practitioners to the services generally and, for those who will use them, an assessment that the services would only be suitable for a particular class of disputes. If either service would only be used for disputes involving smaller entities (those with limited resources) or for particular classes of invention, then it raises the question of the quantum of investment necessary to make the services both available and effective. IPRIA has not done the work necessary to provide a cost-benefit analysis of either option.