

Australia

Jane Owen



Rebecca Currey



Bird & Bird LLP

1 Patent Enforcement

1.1 Before what tribunals can a patent be enforced against an infringer? Is there a choice between tribunals and what would influence a claimant's choice?

The Federal Court of Australia (**Federal Court**) and the state and territory Supreme Courts have jurisdiction to hear patent infringement matters.

Infringement proceedings are typically brought in the Federal Court because this Court has numerous judges with extensive patent expertise, who are appointed to the patent list and allocated to hear these matters.

1.2 Can the parties be required to undertake mediation before commencing court proceedings? Is mediation or arbitration a commonly used alternative to court proceedings?

Parties cannot be required to mediate before commencing proceedings. However, under the *Civil Dispute Resolution Act (Cth)*, legal representatives for the party issuing the proceedings must sign and file a statement of reasonable steps which have been taken in order to resolve the matter before issuing proceedings. However, the Federal Court will consider options for alternative dispute resolution, including mediation, as early as reasonably practicable in the course of a proceeding, and may order the parties to mediate. Mediation is more common than arbitration, unless the dispute is governed by a contract mandating that arbitration be undertaken before or *in lieu* of Court litigation.

1.3 Who is permitted to represent parties to a patent dispute in court?

Barristers and solicitors represent parties in patent proceedings in the Federal Court.

In Australia, patent attorneys are a separate profession and have a right of audience in the Australian Patent Office but cannot appear in Court.

Self-representation is possible, but a corporation must be represented by a legal practitioner unless leave of the Court is given.

1.4 What has to be done to commence proceedings, what court fees have to be paid and how long does it generally take for proceedings to reach trial from commencement?

To commence proceedings in the Federal Court, a party must file an originating application, statement of claim, and genuine steps statement in accordance with the *Federal Court Rules 2011 (Cth) (FCRs)*.

The fees to file an originating application are prescribed in schedule 1 of the *Federal Court and Federal Circuit Court Regulation 2012*. As of July 2017, the fee for filing an originating application for a corporation is AUD 3,745.

The period of time that elapses between the filing of the originating application and the final trial depends on the complexity of the proceedings – for example, whether the applicant seeks to amend the patent(s), the number of patents asserted, whether experiments need to be carried out, and how long evidence preparation takes. Generally, parties should allow anywhere between 12 and 18 months before the final trial on infringement.

1.5 Can a party be compelled to disclose relevant documents or materials to its adversary either before or after commencing proceedings, and if so, how?

The FCRs provide several mechanisms for disclosure of documents both before and after the commencement of proceedings.

Before commencement

A party that believes they have the right to obtain relief against a party, but does not have sufficient information to decide whether to start a proceeding, can seek an order for “preliminary discovery” of documents by that party.

After commencement

The FCRs also provide mechanisms to obtain “standard” and “non-standard” discovery of documents after the commencement of a proceeding.

Orders for discovery after commencement are not made as a matter of course and a party must only seek discovery (whether “standard” or “non-standard”) if it will facilitate the just resolution of the proceeding as quickly, inexpensively and efficiently as possible.

Other mechanisms

A party to a proceeding can use Notices to Produce served on a party, requiring the party to produce any document or thing within the party's control at the trial.

1.6 What are the steps each party must take pre-trial? Is any technical evidence produced, and if so, how?

There are numerous steps a party must take in the lead-up to the trial. The Federal Court Practice Note, “Intellectual Property Practice Note (IP-1)”, provides some examples of special steps which may be ordered to be undertaken in patent matters. For example, the Court may order that the parties file a technical primer to assist the Court.

The first step in the proceeding is the pleading of each party’s case (a statement of claim, a defence and any cross-claim, defence to cross-claim and replies).

After the close of pleadings, evidence will be led by both parties.

Evidence relied on for both infringement and revocation will invariably include expert technical evidence.

In the immediate lead-up to the trial, a case management conference will occur before the judge. At the case management conference, the judge will set a timetable for the filing of submissions, Court book preparation and other requirements the judge may have in preparation for the trial. This may also include orders regarding evidence to be taken concurrently and a timetable for competing experts to confer prior to the trial and the taking of the concurrent evidence.

1.7 How are arguments and evidence presented at the trial? Can a party change its pleaded arguments before and/or at trial?

At the trial, any affidavit evidence upon which a party intends to rely will be formally “read” by the party relying on the evidence and admitted into evidence. A person that has given evidence in affidavit form may also be called to be cross-examined by the other party on that evidence.

The parties’ arguments are submitted by both written and oral submissions.

In terms of seeking amendments to a pleaded case, the Court is generally receptive to applications for amendment. The FCRs provide:

- a party must seek leave from the Court to amend its originating application both before and at trial; and
- a party may amend a pleading once without leave of the Court at any time before pleadings close. After pleadings close (as well as during the trial), any amendment is only by leave of the Court or with the consent of the opposing party.

1.8 How long does the trial generally last and how long is it before a judgment is made available?

The length of a trial will depend on the complexity of the issues before the Court. On average, trials concerning one patent can run for anywhere between five and 15 days.

Judgment can be anticipated some three to six months after the end of the trial.

1.9 Are judgments made available to the public? If not as a matter of course, can third parties request copies of the judgment?

Judgments are publicly available in Australia, typically within 24 hours of being handed down by the judge.

1.10 Are courts obliged to follow precedents from previous similar cases as a matter of binding or persuasive authority? Are decisions of any other jurisdictions of persuasive authority?

The doctrine of precedent is central to the Australian judicial system. Australian Courts are bound to follow the *ratio decidendi* (reasons for the decision) of superior Australian Courts, and will not depart from decisions of the same Court without good reason.

Older decisions from the United Kingdom may be persuasive (Australian patent law has departed from UK patent law), but they are not binding. See *Seiko Epson v Calidad* [2017] FCAFC 1403 for an example of this consideration. Decisions of European and US Courts are interesting but less persuasive. However, since adopting the concept of “support” instead of fair basis in Australia, European cases may have some increased persuasion on that issue.

1.11 Are there specialist judges or hearing officers, and if so, do they have a technical background?

There are presently 17 judges in the Federal Court’s Intellectual Property National Practice Area – Patents & Associated Statutes, who can be assigned to patent cases.

There is no requirement that these judges have a technical background, though some of them do.

1.12 What interest must a party have to bring (i) infringement, (ii) revocation, and (iii) declaratory proceedings?

Infringement

The patentee and the exclusive licensee can bring infringement proceedings.

The exclusive licensee is defined in the *Patents Act 1990 (Cth)* (**Patents Act**) as the licensee that has the right to exploit the patented invention throughout the patent area to the exclusion of the patentee and all other persons.

Revocation

Any person has standing to bring an application to either the Federal Court or state and territory Courts for an order revoking the patent.

A defendant in any infringement proceedings may also cross-claim for revocation.

Declaratory proceedings

A person can apply to the Federal Court for a declaration that an act does not or would not infringe a patent, whether or not the patentee has made an assertion that the doing of the act would infringe a claim.

The person cannot apply to the Federal Court for a declaration unless the patentee has refused or failed to make a written admission of non-infringement.

The person must have given the patentee full written particulars of the act, and asked the patentee in writing for a written admission that the doing of the act does not or would not infringe the patent. The person must also undertake to pay the patentee’s reasonable costs of obtaining advice as to whether the act has or would infringe the claim. The patentee must be joined as a respondent in the proceeding.

1.13 If declarations are available, can they address (i) non-infringement, and/or (ii) claim coverage over a technical standard or hypothetical activity?

Non-infringement declarations can be sought in relation to technical standards and hypothetical activity.

1.14 Can a party be liable for infringement as a secondary (as opposed to primary) infringer? Can a party infringe by supplying part of, but not all of, the infringing product or process?

A party can be liable for “indirect” or “contributory” infringement of a patent in Australia.

The Patents Act (section 117) provides that if the use of the product by a person would infringe a patent, then the supply of that product by one person to another is an infringement of the patent by the supplier, unless the supplier is the patentee or licensee.

1.15 Can a party be liable for infringement of a process patent by importing the product when the process is carried on outside the jurisdiction?

A person can be liable for infringement of a process patent by importing a product into Australia made by the process outside the jurisdiction.

In *Apotex Pty Ltd v Warner-Lambert Company LLC (No 2)* [2016] FCA 1238, the Federal Court found that the importation and sale in Australia of a product that was made overseas using a method or process which was the subject of an Australian patent, infringed claims of the Australian patent because the acts of importation and sale occurred within Australia.

1.16 Does the scope of protection of a patent claim extend to non-literal equivalents?

Australia has no doctrine of non-literal or mechanical equivalents.

1.17 Can a defence of patent invalidity be raised, and if so, how? Are there restrictions on such a defence e.g. where there is a pending opposition? Are the issues of validity and infringement heard in the same proceedings or are they bifurcated?

A respondent can assert in an infringement proceeding, in response to an allegation of patent infringement, that it has not infringed the patent because the patent is invalid and should be revoked. This claim does not arise for a patent application (i.e. a patent application under opposition).

In this regard, in any proceedings for infringement, the alleged infringer can counter-claim for revocation of the patent, including on the basis that the patent is not a patentable invention.

Issues of validity and infringement are usually heard in the same proceeding. However, a Court may consider issues of infringement before issues relating to validity in appropriate circumstances, or the Court may consider it appropriate to hear issues of validity and infringement concurrently.

1.18 Other than lack of novelty and inventive step, what are the grounds for invalidity of a patent?

In the Federal Court, other than lack of novelty and inventive step, the validity of a patent may be challenged on the grounds that:

- the patentee is not entitled to the patent;
- it is not a manner of manufacture;
- it is not useful;
- the patent was obtained by fraud, false suggestion or misrepresentation; and
- the specification does not comply with section 40(2) and (3) of the Patents Act, being “best method” and clarity requirements.

1.19 Are infringement proceedings stayed pending resolution of validity in another court or the Patent Office?

The Court proceedings are the superior proceedings and so no procedure can take place in the Patent Office if there are pending Court proceedings.

If two separate proceedings concerning the patent are ongoing, a party may seek to have the matters listed together but there is no rule that a revocation claim be determined before a parallel infringement proceeding.

1.20 What other grounds of defence can be raised in addition to non-infringement or invalidity?

Australian patent law includes these specific exemptions to infringement:

- immediately before the priority date of the claim, the person was already exploiting, or had taken definitive steps (contractually or otherwise) to exploit the product, method or process in Australia;
- use of a patented invention occurred on board or in a foreign vessel, and the vessel came into Australian territory only temporarily or accidentally;
- use of a patented invention occurred in the construction or working of a foreign aircraft or land vehicle if the aircraft or land vehicle came into Australian territory only temporarily or accidentally;
- exploitation was connected with obtaining regulatory approval in Australia; and
- an act was done for experimental purposes relating to the subject matter of the invention.

1.21 Are (i) preliminary, and (ii) final injunctions available, and if so, on what basis in each case? Is there a requirement for a bond?

Preliminary injunctions

The Federal Court will grant a preliminary injunction against an alleged infringer in circumstances where it is satisfied that:

- the patentee has a *prima facie* case (that there is a probability that the patentee will succeed at final trial); and
- the balance of convenience favours the granting of the injunction (this involves the consideration of factors such as whether the payment of damages will adequately compensate the patentee if there is a finding of infringement).

There is no requirement for a bond. Rather, before the Federal Court will make this order, the patentee has to give the “usual undertaking as to damages”, to compensate the restrained party if the patentee does not ultimately win.

If the person in whose favour the preliminary injunction is granted is resident overseas and has no assets in Australia, or is otherwise unlikely to be able to satisfy a call on the undertaking as to damages, the Court may require that person to provide security for the undertaking as to damages.

Final injunctions

Relief that a Court may grant for infringement of a patent includes an injunction, subject to such terms that the Court thinks fit.

1.22 On what basis are damages or an account of profits assessed? Are punitive damages available?

Damages are compensatory in nature and so the assessment is made on the basis of the actual loss suffered by the patentee. The analysis will require the Court to determine what proportion of the infringer’s sales would have been sales of the patentee or the exclusive licensee, and then determine the profit that would have been made by reason of the sales.

Additional (punitive) damages can be awarded, but this provision has only been applied once in Australia and resulted in an award of a modest sum.

An award of additional damages may be appropriate, having regard to:

- the flagrancy of the infringement;
- the need to deter similar infringements;
- the conduct of the infringing party, including after it was informed that it had allegedly infringed;
- any benefit accrued to the infringer because of the infringement; and
- any other relevant matters.

Profits are assessed by calculation of the profit earned by the infringer by reason of the conduct. This is a forensic accounting exercise.

1.23 How are orders of the court enforced (whether they be for an injunction, an award of damages or for any other relief)?

A breach of injunctive orders is enforced by an application for contempt of Court (which can result in fines being levied or imprisonment).

Enforcement of a judgment debt for payment of compensation is enforced by way of usual methods of execution of judgment – seizure of assets, winding up of a company or bankruptcy of an individual.

1.24 What other form of relief can be obtained for patent infringement? Would the tribunal consider granting cross-border relief?

Other relief which a Court may grant for infringement of a patent includes declarations of infringement. Cross-border relief will not be ordered.

1.25 How common is settlement of infringement proceedings prior to trial?

Settlement prior to trial is common – estimated to occur in 50% of cases.

1.26 After what period is a claim for patent infringement time-barred?

Infringement proceedings cannot be brought unless started within:

- (a) three years from the day on which the relevant patent is granted; or
- (b) six years from the day on which the infringing act was done.

1.27 Is there a right of appeal from a first instance judgment, and if so, is it a right to contest all aspects of the judgment?

A party can appeal judgment of a single judge of the Federal Court to the Full Federal Court of Australia. Appeal is as of right in respect of any aspects of the judgment but will only succeed if the appeal Court finds that the judge at first instance made an error of law.

1.28 What are the typical costs of proceedings to first instance judgment on (i) infringement, and (ii) validity? How much of such costs are recoverable from the losing party?

The range of expected costs in running/defending an infringement case or running/defending a combined infringement and revocation case ranges between AUD 500,000 and AUD 1.5 million.

The successful party would anticipate recovering between 70% and 75% of its costs from the unsuccessful party.

1.29 For jurisdictions within the European Union: What steps are being taken in your jurisdiction towards ratifying the Agreement on a Unified Patent Court, implementing the Unitary Patent Regulation (EU Regulation No. 1257/2012) and preparing for the unitary patent package? Will your country host a local division of the UPC, or participate in a regional division? For jurisdictions outside of the European Union: Are there any mutual recognition of judgments arrangements relating to patents, whether formal or informal, that apply in your jurisdiction?

No. There is no formal or informal recognition of foreign judgments specifically relating to patents in Australia. Australia is party to enforcement of foreign judgment treaties, and judgment debts of foreign Courts can be recovered in Australian Courts in prescribed circumstances.

2 Patent Amendment

2.1 Can a patent be amended *ex parte* after grant, and if so, how?

A patentee may seek the leave of the Commissioner of Patents to amend a patent after grant (section 104).

2.2 Can a patent be amended in *inter partes* revocation/invalidity proceedings?

A patentee may make an application to a Court during any relevant proceedings for an order that the patent be amended (section 105).

2.3 Are there any constraints upon the amendments that may be made?

An amendment must meet the requirements in section 102 – an amendment is not allowable if the amended specification claims or discloses matter extending beyond the complete specification as filed.

If the application to amend is made to the Court during proceedings, then the Court must also be satisfied that there is no matter that should dissuade the Court from exercising its discretion to allow the amendment (e.g. delay by the patentee in seeking amendment after knowing that it should so amend; covetous claiming).

3 Licensing

3.1 Are there any laws which limit the terms upon which parties may agree a patent licence?

Pursuant to section 144 of the Patent Act, a term of a patent licence may be void in certain circumstances, including where the effect of the term is to:

- prohibit or restrict the use of a product or process (whether patented or not) supplied or owned by a person other than the lessor or licensor; or
- require the acquisition of a product not protected by the patent by the lessor or licensor.

3.2 Can a patent be the subject of a compulsory licence, and if so, how are the terms settled and how common is this type of licence?

After a period of three years from when the grant has elapsed, a person may apply to the Federal Court for an order requiring the patentee to grant the applicant a licence to work the patented invention (section 133). If the fee is not agreed, the Court sets the fee.

Very few, if any, compulsory licences have been ordered.

4 Patent Term Extension

4.1 Can the term of a patent be extended, and if so, (i) on what grounds, and (ii) for how long?

The term of a patent relating to pharmaceutical substances can be extended if regulatory approval was not obtained until at least five years after the date of the patent.

The extension period is the difference of the time period from the filing date of the patent to the first regulatory approval date less five years.

5 Patent Prosecution and Opposition

5.1 Are all types of subject matter patentable, and if not, what types are excluded?

Human beings and processes for their biological generation are not patentable (section 18(3)).

Pure business processes are not patentable subject matter, even if they are computer-implemented (*Commissioner of Patents v RPL Central Pty Ltd* [2015] FCAFC 177).

5.2 Is there a duty to the Patent Office to disclose prejudicial prior disclosures or documents? If so, what are the consequences of failure to comply with the duty?

There is no such duty.

5.3 May the grant of a patent by the Patent Office be opposed by a third party, and if so, when can this be done?

The grant of a patent may be opposed by a third party within three months after the patent application has been advertised as accepted.

5.4 Is there a right of appeal from a decision of the Patent Office, and if so, to whom?

There is a right of appeal from a decision of the Patent Office to the Federal Court from:

- a refusal to grant a patent (section 100A);
- an opposition decision (section 60);
- a decision to revoke after re-examination (section 101); and
- refusal or grant of, or direction to make an amendment (sections 104 and 109).

5.5 How are disputes over entitlement to priority and ownership of the invention resolved?

Disputes over ownership can be resolved in the Patent Office (section 32), or by the grant of the patent after an opposition in the Patent Office (section 33) or by application to the Court.

5.6 Is there a “grace period” in your jurisdiction, and if so, how long is it?

There is a grace period of 12 months.

5.7 What is the term of a patent?

A standard patent has a maximum term of 20 years and an innovation patent has a term of up to eight years.

6 Border Control Measures

6.1 Is there any mechanism for seizing or preventing the importation of infringing products, and if so, how quickly are such measures resolved?

No, there is not.

7 Antitrust Law and Inequitable Conduct

7.1 Can antitrust law be deployed to prevent relief for patent infringement being granted?

There is some prospect of the *Competition & Consumer Act 2010 (Cth)* (CCA) being deployed against a patentee, but there has been no Court decision in which this has occurred.

7.2 What limitations are put on patent licensing due to antitrust law?

Section 51(3) of the CCA provides an exemption from certain provisions of Part IV of the CCA (other than sections 46 and 46A (misuse of market power) and section 48 (resale price maintenance)), for the imposing, or giving effect to, a condition of a licence granted by the owner or licensee of a patent, registered design, copyright, or circuit layout right or by an applicant for registration of a patent or design; or an assignment of any of these rights.

If the licence is outside section 51(3), then these provisions may give rise to a contravention of the CCA:

- (a) the prohibition on the making or giving effect to agreements, arrangements or understandings that have the purpose, effect or likely effect of substantially lessening competition in a market (section 45 of the CCA);
- (b) the prohibition on exclusive dealing in section 47 of the CCA; and
- (c) the prohibition on the making and giving effect to provisions of agreements between competitors by which one or more is restricted, prevented or limited from supplying goods or services to, or acquiring goods or services from, particular persons or classes of person (a primary boycott) which are also prohibited (sections 4D and 45 of the CCA).

8 Current Developments

8.1 What have been the significant developments in relation to patents in the last year?

The following developments are of particular note:

- the threshold for preliminary discovery from a prospective respondent was considered in relation to a patented method, and the threshold is low: *Pfizer Ireland Pharmaceuticals v Samsung Bioepis AU Pty Ltd* [2017] FCAFC 193;

- the decision that taking steps to have a pharmaceutical product listed on the Pharmaceutical Benefits Scheme (PBS) is not patent infringement: *Warner-Lambert Company LLC v Apotex Pty Limited* [2017] FCAFC 58;
- Australian law in relation to infringement of patents by supply of spare parts for patented products has been ruled upon in *Seiko Epson v Calidad* [2017] FCAFC 1403; and
- the Australian Government has proposed but delayed the phasing out of innovation patents, and is consulting with innovative small and medium-sized enterprises on this issue.

8.2 Are there any significant developments expected in the next year?

The *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Bill 2018* is currently before the Parliament for consideration.

The Bill seeks to make a number of amendments to the Patents, Trade Marks, Designs, Plant Breeder's Rights, Copyright, and Olympic Insignia Protection Acts in response to the Productivity Commission Inquiry into Australia's IP arrangements.

In relation to the Patents Act, amongst other things, the Bill seeks to remove the requirement for patentees to provide the Secretary of the Department of Health with certain data relating to pharmaceutical patents with an extended term.

8.3 Are there any general practice or enforcement trends that have become apparent in your jurisdiction over the last year or so?

No particular trends have emerged.

**Jane Owen**

Bird & Bird LLP
Level 11, 68 Pitt Street
Sydney NSW 2000
Australia

Tel: +61 2 9226 9805
Email: jane.owen@twobirds.com
URL: www.twobirds.com

Jane is a partner and head of the Intellectual Property practice of Bird & Bird in Sydney.

She has more than 25 years' experience in all aspects of intellectual property, including portfolio establishment, IP strategising, commercialisation and enforcement. Her main sector focus is within life sciences, healthcare and education.

Specialising in contentious IP, Jane focuses on patent litigation, particularly in the life sciences sector. Her experience ranges across complex patent infringement/revocation, trademarks and passing off, design infringement, disputes on ownership of IP, and appeals from decisions of the Commissioner of Patents and the Registrar of Trade Marks. Jane's litigation experience also allows her to advise clients in IP-driven commercial transactions, enabling them to minimise the risk of later disputes.

**Rebecca Currey**

Bird & Bird LLP
Level 11, 68 Pitt Street
Sydney NSW 2000
Australia

Tel: +61 2 9226 9865
Email: rebecca.currey@twobirds.com
URL: www.twobirds.com

Rebecca is a senior associate in our Intellectual Property practice, based in Sydney.

She has experience across all areas of intellectual property; in particular, patents and trade marks.

Her focus is on the life sciences and healthcare space, where she acts for a range of pharmaceutical companies in relation to both contentious and non-contentious matters.

She also acts for clients in the technology and communications, and retail and consumer spaces.

Bird & Bird

Over the last century we've been lucky enough to have played a part in protecting some of the world's most ground-breaking inventions and forward-thinking brands, and we're pretty confident we're one of the most ambitious, energetic, dedicated groups of intellectual property professionals you're likely to meet.

We thrive on helping clients with creative and cost-effective ways to improve or protect their intellectual property position internationally, and we think you'll struggle to find many other international law firms that have our track record when it comes to the quality and experience of our team.

We continue to top the rankings in the legal market and this first-class reputation allows us to attract world-leading IP advisors and litigators; by working with us, you will be able to draw upon their formidable experience in this field.

Not only do we have the range and depth of expertise, but with more than 300 specialist lawyers across 28 offices, we have numbers in force.

www.twobirds.com

@twobirdsIP