



**THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS  
FICPI AUSTRALIA**

13 December 1999

Ms Kay Collins  
Director  
Intellectual Property and Competition Review Committee Secretariat  
Attorney – General’s Department  
Robert Garran Office’s  
BARTON ACT 2600

Dear Ms Collins

**FICPI Submission to Intellectual Property and Competition Review  
Committee  
Our Ref: NTB:PN:GF35090:GM25623**

I refer to our previous email correspondence and to our attendance in consultation with you and your committee on 9 December 1999 in Melbourne.

Firstly, I would like to thank you for inviting FICPI to make submissions in this matter and for allowing us to make presentations to you during the above consultation.

I now wish to put in writing the submissions outlined during the consultation. FICPI Australia would welcome further consultation if necessary.

During the consultation I outlined to you the nature of the FICPI membership. I advised you that FICPI Australia is an Australian association of an International parent group. Membership of FICPI requires a person to meet very high professional standards in that they must have worked in the Intellectual Property area for extended time and be known to have high professional competence. In addition, members of FICPI, in general, work in private practice in the “free profession”. “Free profession” means that the members are not employed by a single employer and in general can be categorised as being partners of their own attorney firm. In other words, members of FICPI represent many clients and are distinguished from attorneys who are employed, for example, by a corporate entity and who work for that entity as a single client. Thus, FICPI members see many different clients and are exposed to difficulties of interpreting and enforcing the Intellectual Property laws locally and also in foreign countries.

FICPI’s activities include liaising with Government officials in the Intellectual Property areas of most countries, and with officials in Intellectual Property Offices

**PRESIDENT:  
NOEL T BRETT**  
3<sup>RD</sup> Floor  
509 St Kilda Road  
Melbourne 3004  
Australia

Telephone  
(03) 9243 8300  
International  
+613 9243 8300  
Facsimile  
(03) 9243 8333  
International Facsimile  
+613 9243 8333  
E-Mail  
noel.brett@griffithhack.com  
au

**SECRETARY:  
JEFFREY A RYDER**  
711 High Street  
Kew  
Victoria 3102  
Australia

Postal Address:  
Private Bag 7  
Kew  
Victoria 3101 Australia

Telephone  
(03) 9810 2111  
International  
+613 9810 2111  
Facsimile  
(03) 9819 4600  
International Facsimile  
+613 9819 4600  
E-Mail  
ryder@callawrie.com.au

**TREASURER:  
PETER HUNTSMAN**  
1 Little Collins Street  
Melbourne 3000  
Australia

Telephone  
(03) 9254 2777  
International  
+613 9254 2777  
Facsimile  
(03) 9254 2770  
International Facsimile  
+613 9254 2770  
E-Mail  
mail@davies.com.au

such as WIPO. FICPI makes representation to those officials in relation to problems with current law, and perceived problems in relation to introduction of new law, and the interpretation of that law by patent offices and/or courts. FICPI Australia supports FICPI in its activities and also undertakes similar representation with the relevant Intellectual Property officials in Australia.

FICPI Australia considers the issues paper to be an excellent document and commends the activities of this review committee.

FICPI Australia has worked with IPTA (Institute of Patent and Trade Marks Attorneys in Australia) in relation to the submission made by IPTA. FICPI Australia endorses the submission made by IPTA.

During our consultation we referred to the following items.

## **1. Prior User Rights under the Patents Act 1990**

One area of the patent system which we believe can be significantly improved is s.119 of the Patents Act 1990 – Infringement Exemptions: Prior Use.

### **1.2 Background**

Under the Patents Act 1952, secret use of a commercial nature by the patentee or by a third party of an invention before the priority date of a patent claim to the invention invalidated the claim. This was changed under the Patents Act 1990 so that effectively secret prior use of a commercial nature is invalidating of a later claim if it is by the patentee, but not if it is by a third party. Instead a continuation of such use by the third party is intended to be protected by the provisions of s.119. For convenience s.119 is set out below:

119(1) [Prior Use] Where, immediately before the priority date of a claim, a person:

- (a) was making a product or using a process claimed in that claim; or
- (b) had taken definite steps (whether by way of contract or otherwise) to make that product or use that process;

the person may, despite the grant of a patent for the product or process so claimed, make the product, or use the process, (or continue to do so) in the patent area, without infringing the patent.

119(2) (Non-application of exemption] Subsection (1) does not apply if the person:

- (a) derived the subject-matter of the invention concerned from the patentee or the patentee's predecessor in title in the invention; or
- (b) before the relevant priority date, had stopped making the product or using the process (other than temporarily), or had abandoned (other than temporarily) the steps mentioned in paragraph (1)(b).

### **1.3 Relevance to Competition**

S.119 is relevant to competition because it can protect a party, particularly an Australian party, which has been developing a product or process, but which has not published details of the development and has not filed a patent application in respect of it, from infringing an Australian patent with a later priority date. However, we have concerns whether the current wording of s.119 does in fact adequately provide this protection.

## 1.4 Areas of Concern

- (a) Our first concern is whether the “making a product or using a process” in s.119(1)(a) and the corresponding wording in s.119(1)(b) extend to experimental and R & D work or whether they are restricted to commercial making or using. If this wording is so restricted, s.119 will not protect a person who has developed a product or process but who has not taken definite steps to commercialise that work.
- (b) Our second concern is whether or not the “making a product or using a process” in s.119(1)(a) and the corresponding wording in s.119(1)(b) is restricted to the patent area – Australia. If it were not so restricted, the benefits of s.119 may extend to a person who was secretly, or even publicly, making a product or using a process in accordance with s.119(1)(a), or took definite steps to do so in accordance with s.119(1)(b), overseas. This benefit would seem to contradict other provisions of the Patents Act 1990, including novelty provisions, which limit considerations of prior acts to such acts in Australia.
- (c) Our third concern is to the meaning of the term “immediately before” in the introduction to s.119(1). It is relatively common for parties carrying out research on a project to complete R & D work on one aspect of the project and put it to one side, without abandoning it, while R & D work on another aspect of the project is carried out. It is not clear that such parties would be protected under s.119 if a third party independently applied to patent the one aspect in Australia some time after the R & D work on the one aspect had been completed. S.119(2) specifies that subsection (1) does not apply if such parties, before the priority date of the patent, had stopped the making or using other than temporarily. While the above scenario might be seen to satisfy this temporary stopping proviso, considerable doubt arises as to whether it meets the “immediately before” requirement.
- (d) Our fourth concern is whether the infringement exemption in the last part of s.119(1) is restricted to making the product or using the process (or continuing to do so), as appears to be the case on a literal reading of the wording, or whether the exemption extends to other aspects of “exploiting” a product or process as defined in the Patents Act 1990. If the product exemption is restricted to making the product, it would be of little value since, for example, selling the product would be an infringement.
- (e) Our fifth concern is whether a prior user right acquired under s.119 may be licensed or assigned to another person. S.119 only refers to “the person”. However, it is very common for commercial exploitation of the product of R & D work, whether a product or a process, to be carried out by a different party – sometimes related, sometimes not – to that which conducted the R & D work. If the prior user rights under s.119 arise from the R & D work and are restricted to the party which conducted that work, they are of no value if that party is not in a position to commercialise the product or process.

## 1.5 Conclusion

The concerns outlined under item 3) above are especially applicable to persons performing R & D in Australia who may be unfairly prejudiced by competitors because the provisions of s.119 do not adequately protect those persons and/or because the provisions of s.119 may extend to competing R & D performed overseas.

## **2. Grace Period for Filing Patent Applications after Prior Publication**

In the United States, Canada and some other countries, a publication by the inventor will not prior publish a patent application subsequent filed if that filing occurs within a set period. In the United States, the period is 12 months. This is called a Grace Period.

In Australia, a limited form of grace period is set out in section 24 and Regulation 2.2 which prescribes:

- (a) the showing or use of the invention at a recognised exhibition.
- (b) the publication of the invention during a recognised exhibition at which the invention was shown or used.
- (c) the publication of the invention in a paper written by the inventor and
  - read before a learned society or
  - published with the inventor's consent by or on behalf of the learned society
- (d) the working in public of the invention within the period of 12 months before the priority date of a claim for the invention for the purpose of reasonable trial if it is reasonably necessary for the working to be in public

Apart from this latter case, the grace period is six months.

In some circumstances, a tension exists between the commercial and professional requirements of researchers particularly those engaged in university, hospital and government research environments where public monies or charitable donations may be supporting the research effort. In these circumstances, the researcher may feel confined to make public the research results before consideration has been given to filing applications for patent protection. Commercial wisdom would indicate that the research might not progress to the development of useful products without intellectual property protection in the form of a patent.

In the United States, the publication by the inventor does not preclude the subsequent application for a patent (within 12 months). If such a rule was to be applied in Australia, many researchers may be more comfortable. They would be able to publish in accordance with their professional judgement but this would not preclude the subsequent application for patent protection.

However, it would be dangerous to implement a grace period in Australia unless a similar grace period was implemented by our major trading partners. Otherwise, publication could invalidate patent rights in those countries.

Accordingly, we recommend that Australia supports the implementation of a grace period provided that such a grace period is implemented as part of an international agreement.

Our recommendation for a grace period is in line with the recommendation of the Industrial Property Advisory Council of 1984. That recommendation has not been implemented and it seems that Australia has not been pressing for its implementation in international fora. We recommend that Australia does take up this question in international fora when the opportunities arise.

## **3. Establishment of a Special Hearings Board for Appeals from Decisions of IP Australia**

We consider that there should be an Appeals Board or appropriate Tribunal to which decisions of IP Australia can be taken prior to appealing to the Federal Court or other Tribunal. The Appeals could be from Decisions in opposition matters or decisions for refusal to grant IP protection. FICPI considers that the Board or Tribunal should be constituted by expert members skilled in Intellectual Property areas. FICPI likened this Hearing Board or Tribunal to the Board of Appeals or enlarged Board of

Appeals which exists at the European Patent Office. FICPI proposes that any reviews of Decisions by this Board or Tribunal should be on the basis of the information presented to IP Australia and upon which any Decision of IP Australia issued. In other words, FICPI considers that this Hearings Board or Tribunal would not accept evidence or other information additional to that presented to IP Australia for the matter upon which the Appeal is made.

The rationale for this Hearings Board or Tribunal is to provide a further and less expensive Appeals process than before the Federal Court or other Tribunal. At present, when Appeals from Decisions of IP Australia are taken to an appropriate Court or Tribunal, fresh evidence is prepared and the appellant parties need to seek full legal representation which adds significantly to the cost of Appeal. In addition, such Appeals are rarely based solely on the material presented to IP Australia and from which the Decision of IP Australia issued. In general, fresh evidence is prepared and this also adds significantly to the costs.

#### **4. Uncertainty of Taking IP Matters to Courts for Hearings**

We consider that there is considerable uncertainty in taking matters before the Courts and this uncertainty is attributable to the fact that the particular judge or judges appointed are unknown when the matter is initiated. FICPI Australia believes that a specialist Court for IP matters only should be established. The judges appointed to this specialist Court should, in FICPI's view, specialize only in Intellectual Property matters.

#### **5. Establishment of Alternative forms of Intellectual Property Protection**

We are of the view that alternative forms of Intellectual Property protection should be encouraged. The recent proposal for an Innovation Patent is endorsed by FICPI. Item 6 which follows, highlights another area where an alternative form of Intellectual Property protection might be established.

#### **6. Provision of some Intellectual Property Protection which perhaps overlaps with the Designs and Trade Practices insofar as Misleading and Deceptive Conduct is concerned**

FICPI is aware of Decisions such as the Firmagroup Design Decisions (1987 AIPC 90-410) and the Dr Martens Trade Practices Decision (as yet unreported). In these cases a valuable Intellectual Right was created by the plaintiffs. In the Firmagroup case the Design in question related to a completely new door handle which departed radically from previous door handles. The Courts interpreted the Design registration narrowly thereby allowing the infringer to capitalise on the new development of the plaintiff. Had Trade Practices been appropriate, that may have provided a further avenue to protect this right. However, earlier Trade Practices Decisions such as PUXU (43 fLR 405) have made it clear that misleading and deceptive conduct is not appropriate for relief in these circumstances. A similar situation occurred in the Dr Martens case. FICPI is of the view that there is room for some new type of protection to protect this Intellectual Property Right.

#### **7. Narrow scope of Protection afforded by Design Registration**

The trend with Australian Courts in recent times has been to provide very limited scope of protection for Design Registrations. In general, Designs are today viewed by the public as having very limited scope because of this narrow interpretation. FICPI encourages some mechanism be provided to expand the scope of protection afforded by way of Design registration. Perhaps an expansion of scope of protection afforded by Designs will overcome the issue in item 6 above.

## **8. Confusion with Trade Marks, Domain names, Business names and Corporate names**

Many members of the public are confused by the number of different registration systems for registering company names, business names, trade marks and, of late, domain names. While confusion between trade marks and corporate name registrations has been addressed to a minor extent over the years, the confusion arising from domain names has added an extra layer to the complexities of trade mark registrations, and has not yet been adequately addressed.

There has been much discussion internationally in an endeavour to develop some rules to reduce possible confusion arising from the registration of a trade mark associated with a business as a domain name for a different business. These discussions are continuing and it is our view that the Australian government should be very wary about making any changes to relevant legislation until an in depth examination of the issues and potential ramifications has been conducted. It is important, in our view, that Australia be seen to be an integral part of the international community and contributes to the international solution to the domain name/trade mark problem. WIPO has recently put forward proposals for protecting famous trade marks against misappropriation as domain names and this proposal is currently under debate at the international level. We believe Australia should watch the progress of this debate and ensure that any changes which are made to our legislation in this area are consistent with those of our trading partners.

Accordingly, we urge that a wait and see stance be adopted while we conduct our own investigations to ensure that any internationally proposed solution does not impinge on Australian policies.

So far, the courts in Australia and overseas have protected the rights of trade mark owners against cyber squatting so that that issue has not become a major problem to date.

We should be pleased to expand on any of the above during any subsequent consultation.

Thank you for allowing FICPI Australia to participate in this review.

Yours sincerely

Noel T Brett  
President