Australia

Authors

Philip Kerr

Philip Kerr is a partner at Allens Arthur Robinson – a leading Australian law firm with a strong presence in the Asia Pacific region. He is an extremely experienced patent litigator, specializing in pharmaceutical patent litigation. Philip is recognized as one of the foremost Australian experts in patent law.

Clare Cunliffe

Clare Cunliffe has an honours degree in law. From 2001 to 2006, she worked at Allens Arthur Robinson as an intellectual property lawyer, mainly in the area of patent litigation. Clare is the author of several Articles about intellectual property. Clare is currently working in London for Powell Gilbert.

Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000
Australia

Phone: +61 (0)2 9230 4000
Fax: +61 (0)2 9230 5333
E-mail: contactus@aar.com.au
Website: http://www.aar.com.au

Australia

(1) APPLICABLE LAW

1 Under Australia's constitution, the federal legislature has power to make laws with respect to patents. State legislatures may also pass laws to the extent that they are not inconsistent with federal legislation. Patent law is governed by the Patents Act 1952 (Cth) (hereinafter the 1952 Act) and the Patents Act 1990 (Cth) (hereinafter the Patents Act). The 1952 Act was largely superseded by the Patents Act, and is now of limited relevance.

2 Although Australia is signatory to various treaties (such as TRIPS), treaties do not automatically become Australian law. Treaties only have force in Australia to the extent they are adopted in legislation passed by the legislature.

3 The Patents Act provides for standard patents as well as innovation patents. The examination process and the law applying to innovation patents are different to that which applies to standard patents. In this chapter, we have set out the law relating to standard patents.

(1.1) TERRITORIAL SCOPE OF APPLICATION

4 Both Acts extend to Australia, its external territories and the Australian continental shelf.

(2) VALIDITY

(2.1) GENERAL

5 Section 18(1) of the Patent Act defines a patentable invention as one which:

- is a manner of manufacture within the meaning of section 6 of the Statute of Monopolies;
- is novel;
- involves an inventive step;
- is useful; and
- was not secretly used in Australia before the priority date by or with the authority of the patentee or its predecessor in title.

6 Patents may also be invalid if they do not meet certain formal requirements. These are discussed below.

7 Human beings and the biological processes for their generation cannot be patented.

(2.1.1) Manner of Manufacture

8 An invention will generally qualify as a manner of manufacture if the subject matter of the invention is appropriate for the grant of a patent and it is not contrary to law or generally inconvenient to grant a patent for the invention.

9 The invention must involve some commercial application of science or technology. The discovery of new principles which do not disclose a practical application will not be patentable. Computer programs and business methods are patentable, as are methods of medical treatment (although human beings and processes for their generation are specifically excluded from patentability). A combination of known integers which work together to produce some new or improved result will be patentable, and a new use of a known substance which takes advantage of a previously unknown property may be patentable.

10 The Commissioner of Patents may refuse a patent on the ground that the use of the invention would be contrary to law.

(2.1.2) Novelty

11 A claim will be novel unless it is anticipated by the prior art. The prior art base includes information made publicly available in a document or through an act anywhere in the world. This is the position for patents applied for after April 2002. For patents which were applied for before that date, information made publicly available anywhere in the world but only acts occurring in Australia are included within the prior art base.

12 Generally, prior art will only be relevant if it is publicly available (in the sense that it is made available to the public or a section of the public without any restrictions as to use) before the claimed priority date of the invention.

13 The only exception to this rule relates to a disclosure made in a patent specification filed before the priority date but published after the priority date. Such information will form part of the prior art base.

14 Certain disclosures made by the patentee or its predecessor in title within a period of 12 months before the filing of the complete patent application will be disregarded in determining novelty and inventive step.

15 If the relationship between two documents or two acts is such that a person skilled in the art would treat them as a single source of information, they may be read together.

16 The prior art must be read in light of the common general knowledge in the relevant field.

17 A piece of prior art will anticipate an invention if it discloses sufficient information to enable a person skilled in the art to perceive, understand and practically apply an invention without inventive ingenuity or further experimentations.[1] That is, the document must contain clear and unmistakable directions as to how to use the invention.[2]

18 Generally, if a piece of prior art contains each and every essential integer of the claimed invention, the invention will be anticipated by the prior art and will lack novelty.[3]

19 A prior act may anticipate an invention if it achieves the same result as the invention, even if the reason for the result is not fully understood.[4]

(2.1.3) Inventive Step

20 If an invention would have been obvious to the person skilled in the relevant art and equipped with the relevant common general knowledge at the priority date, it will be invalid for lack of inventive step.[5]

21 The common general knowledge is the knowledge of the person skilled in the relevant art in Australia as at the priority date. For patents applied for after April 2002, courts may consider the common general knowledge in light of the information contained in a single piece of prior art (or two or more pieces of prior art if the relationship between those pieces of prior art is such that a person skilled in the art would treat them as a single source of information), if the person skilled in the art may reasonably be expected to have ascertained, understood and regarded that prior art information as relevant. Materials or information which would be referred to as a matter of course may be taken into consideration when ascertaining common general knowledge.[6] Material which might be found by conducting searches will not usually form part of the common general knowledge.[7]

22 An invention will be invalid for lack of inventive step if a person skilled in the relevant art would be led directly as a matter of course to try the claimed invention in the expectation that it will produce a useful result.[8] An invention will not be obvious if a complex, laborious process of trial and error is required to achieve it.

---

[1] *Bristol-Myers Squibb Co. v. F H Faulding & Co. Ltd* (2000) 46 IPR 553.

[2] *Alphapharm Pty Ltd v. HLundbeck A/S* (2008) 76 IPR 618 at [160]. Such a disclosure must be 'enabling'.

[3] *Meyers Taylor Pty Ltd v. Vicarr Industries* (1977) 137 CLR 228 at 235; *Ramset Fasteners (Aust) Pty Ltd v. Advanced Building Systems Ltd* (1999) 44 IPR 48.

[4] *Flour Oxidising Co. Ltd v. Carr & Co. Ltd* (1908) 25 RPC 428 at 457.

[5] *Wellcome Foundation Ltd v. VR Laboratories (Aust) Pty Ltd* (1981) 1A IPR 208.

[6] *Minnesota Mining and Manufacturing Co. v. Beiersdorf (Aust) Ltd* (1980) 144 CLR 253.

[7] *Aktiebolaget Hassle v. Alphapharm Pty Ltd* (2002) 56 IPR 129.

[8] *Aktiebolaget Hassle v. Alphapharm Pty Ltd* (2002) 56 IPR 129.

23 The court may have regard to a number of questions in determining whether an invention is obvious, although none of these are determinative. They include the following:

(a) Has the invention answered a long felt want?
(b) Has the invention overcome a technical difficulty or involved a technical advance?
(c) Was the invention the result of routine steps?
(d) Has the invention been commercially successful or copied?
(e) Did the prior art teach away from the invention?

24 A different standard applies to innovation patents, which need only demonstrate an innovative step.

(2.1.4) Utility

25 An invention must demonstrate utility, in that at least one embodiment of the invention as claimed must achieve the promised result. An invention will not demonstrate lack of utility merely because some of the embodiments claimed do not achieve the promised result.[9]

(2.1.5) Secret Use

26 Use of an invention prior to the priority date by the patentee or their predecessor in title which amounts to exploitation of the invention and which has the effect of extending the patentee's period of monopoly may invalidate the patent.[10] Non-commercial research and development will not constitute secret use.

(2.1.6) Other Bases of Invalidity

(2.1.6.1) Sufficiency

27 Where a patent does not provide sufficient information to work the invention without new inventions, additions or prolonged study, the disclosure in the patent may be insufficient.[11]

(2.1.6.2) Best Method

28 The patent must disclose the best method of performing the invention. If the patentee is aware of a specific best method of performing the invention and this best method is not disclosed, the patent may be invalid.

(2.1.6.3) Clarity

29 Where a person skilled in the art is unable to determine the meaning of the claims of a patent by the application of common sense and common knowledge, the patent may be invalid for lack of clarity.[12]

[9] *Martin Engineering Co. v. Trison Holdings Pty Ltd* (1989) 14 IPR 330.
[10] *Azuko Pty Ltd v. Old Digger Pty Ltd* (2001) 52 IPR 75.
[11] *Kimberley-Clark v. Arico Trading International Pty Ltd* (2001) 50 IPR 513 at 519.
[12] *Innovative Agricultural Products Pty Ltd v. Cranshaw* (1996) 35 IPR 643.

(2.1.6.4) Lack of Fair Basis

30 If a claim is not fairly based on the matter described in the specification, or if the patent is not fairly based on the provisional specification of the patent, the patent may be invalid for lack of fair basis.

31 In relation to the first ground, the law of fair basis does not require the specification to describe the invention in a different or more detailed way than the supported claims. Indeed, wording in a consistory clause can constitute a fair basis for identically worded claims (so long as the wording in the consistory clause does not contradict the specification as a whole).[13]

32 Further, a claim may be fairly based notwithstanding that there is no express disclosure in the specification, provided that there is an 'oblique' disclosure.

33 In relation to the second ground, a patent claim must be fairly based on matter disclosed in the priority document to be entitled to the priority date of that document.[14]

34 Generally, a claim will be fairly based on a priority document if the priority document contains a real and reasonably clear disclosure of the invention, so that the alleged invention as claimed is broadly and generally described in the priority document.

(2.1.7) Other Grounds for Revocation

35 A patent may also be revoked on the ground that the patentee is not entitled to the patent (e.g., because the patentee is not the inventor or assignee of the patent), or on the ground that the patent or an amendment to it was obtained by fraud, false suggestion or misrepresentation.

36 Objections to validity based on this ground are rare, and it appears that the false suggestion by the patentee must be so material as to have deceived the state into making the grant of the patent.[15] An incorrect submission to the Commissioner of Patents during the process of examination as to the proper construction or effect of prior art will not necessarily constitute a false suggestion.[16]

37 A false suggestion or misrepresentation may justify revocation even where the false suggestion or misrepresentation was made in good faith, where the false suggestion or misrepresentation is a material factor in the grant of the patent. It is not necessary to prove that the Commissioner of Patents was in fact misled or that the patent would not have been granted if the false suggestion or misrepresentation had not been made to succeed on this ground.[17]

38 The false suggestion may relate to issues outside the patent specification (such as entitlement) or issues related to the patent specification, such as misrepresentations as to the nature or benefit of the invention.[18] There is some overlap between false suggestion and the grounds of inutility and sufficiency.

---

[13] *Lockwood Security Products Pty Ltd v. Doric Products Pty Ltd* (2004)212 ALR 1.

[14] *RGC Mineral Sands Pty Ltd v. Wimmera Industrial Minerals Pty Ltd* (1999) 42 IPR 353; *ICI Chemicals and Polymers Ltd v. Lubrizol Corp. Inc.* (2000) 49 IPR 513 at 548.

[15] *Raleigh Co. Ltd v. Miller & Co. Ltd* (1948) 65 RPC 141.

[16] *ICI Chemicals & Polymers Ltd v. Lubrizol Corp. Inc.* (2000) 49 IPR 513.

[17] *Pracdes Pty Ltd v. Stanilite Electronics Pty Ltd* (1995) 35 IPR 259; *Prestige Group (Aust) v. Dart Industries Inc.* (1990) 19 IPR 275, *Wm Wrigley Jr Company v. Cadbury Schweppes Pty Ltd* (2005) 66 IPR 298, *ICI Chemicals & Polymers Ltd v. Lubrizol Corp. Inc.* (2000) 49 IPR 513.

[18] *Yamazaki Mazak Corp. v. Interact Machine Tools (NSW) Pty Ltd* (1991) 22 IPR 79.

39 If the false suggestion or misrepresentation is only relevant to specific claims, it is only those claims which will be invalidated.[19]

(2.1.8) Amendments

40 Patents may not be amended without the consent of the registered mortgagee or exclusive licensee of the patent, or the leave of the Commissioner.

41 As a general principle, patentees may apply to amend patents at any time to correct clerical errors and obvious mistakes.

42 Patentees may also apply to the Commissioner of Patents to amend a patent or patent specification or related documentation unless proceedings in relation to the patent are pending or have been commenced.[20]

43 Amendments will not be allowable if the amendment would have the following results:

(a) the amended specification claims matter not disclosed in the specification as filed;
(b) in the case of an accepted patent:
    (i) the amended claims would not fall within the scope of the original claims; or
    (ii) the amended specification would not comply with the formality requirements (discussed above under the headings sufficiency, best method, clarity and lack of fair basis); or
(c) the patentee has not provided relevant information to the Commissioner of Patents and the amendment would remove a ground of objection to the specification.

44 Generally, amendments which narrow claims or which explain and clarify what is claimed will be taken to fall within the scope of an existing claim, but amendments which make something an infringement which was not an infringement before the amendment will not be allowable.[21] Amendments which materially alter the meaning or scope of the specification are also not allowable.

45 If the amendments are allowable, the patentee has provided all information requested by the Commissioner of Patents and (in the case of an amendment in anticipation of or in response to an examination report) the amendments remove all lawful grounds of objection to the patent, the Commissioner of Patents must grant leave to amend the patent.

46 If the Commissioner of Patents grants leave to amend the patent and the allowance of amendment is not successfully opposed, the amendment will be made.

47 Where proceedings have been commenced in relation to a patent, the patentee may apply to the court for an order directing the amendment of the patent. The patentee must notify the Commissioner of Patents of such an application. The court has a discretion as to whether or not to allow the amendment. An application to amend may be refused by the court:

(a) if the patentee fails to disclose all matters relevant to the application to amend (which may include privileged material);
(b) if the patentee has delayed unreasonably;

---

[19] *ICI Chemicals & Polymers Ltd v. Lubrizol Corp. Inc.* (2000) 49 IPR 513.

[20] *New England Biolabs Inc. v. Commissioner of Patents* (2001) 52 IPR 1.

[21] *Wimmera Industrial Minerals Pty Ltd v. RGC Mineral Sands Pty Ltd* (No. 3) (1997) AIPC 91-366; *Fina Research SA v. Halliburton Energy Services Inc.* (2003) 59 IPR 91; *AMP Incorporated v. Commissioner of Patents* (1974) AOJP 224.

(c) if the patentee has sought to obtain an unfair advantage from the unamended patent (e.g., by relying on broad claims which ought properly have been narrowed by amendment); or
(d) if the patentee has otherwise acted in bad faith.

48 The applicant for amendment will usually be ordered to pay some part of the opponent's costs.

49 The Commissioner of Patents may direct the patentee to amend a patent application after examination of the application or of a patent upon re-examination of the patent after grant (except where the re-examination is by order of the Federal Court).

(2.2) PARTIAL INVALIDITY

50 A patent may be invalid in part. The valid claims of a patent remain on foot. As set out above in section 2.1.8 (Amendments), the patentee may apply to amend the patent to remove a ground of objection to the validity of a patent.

(3) INFRINGEMENT

(3.1) STATUTORY PROVISIONS

51 The statutory provisions on infringement can be found in Chapter 11 of the Patents Act. Both indirect infringement (section 117) and direct infringement are covered by the Act.

(3.2) WHAT ACTS CONSTITUTE DIRECT INFRINGEMENT?

52 The Patents Act does not define 'infringement'. However, section 13 of the Patents Act gives the patentee the exclusive right to exploit the invention which is the subject of the patent and to authorize another person to exploit the invention. A person who exploits the invention without the patentee's permission will therefore infringe the patent.

53 'Exploit' is defined in Schedule 1 of the Patents Act. The definition, which is not exhaustive, is set out below.

Exploit, in relation to an invention, includes:

(a) where the invention is a product – make, hire, sell or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things; or
(b) where the invention is a method or process – use the method or process or do any act mentioned in paragraph (a) in respect of a product resulting from such use.

54 It is clear that the following acts may infringe the patent if undertaken by a party who is not authorized by the patentee:

- Creation of a product covered by a claim of the patent as an intermediary stage in the manufacture of a product where the final product does not infringe the patent.
- Exhibiting an Article for trade purposes.
- Pre-commercial activity (such as clinical trials of pharmaceutical products) where commercial exploitation is intended as soon as all of the necessary regulatory approvals have been obtained.

55 It is possible that the following may also constitute infringement:

- Sending an embodiment of an invention to a government authority for approval where no spring-boarding exemption applies.
- Packaging and labelling an invention for supply.
- Use for purely non-commercial experiment or trial (see further below).

56 Generally, there will be a 'use' of the invention where a party takes commercial advantage of the invention to advance themselves in the market place, secretly or otherwise.

57 Carrying out repairs to extend the life of a patented product will not usually constitute infringement. However, if the 'repair' requires the product to be substantially rebuilt, the patent may be infringed.

58 A patent will not be infringed where:

- An invention is used on or in foreign vessels, aircraft or vehicles (Section 118 of the Patents Act).
- The alleged infringer made or used the invention immediately prior to the patent's priority date (Section 119 of the Patents Act).
- The use made of the invention claimed in a pharmaceutical patent is solely for the purpose of obtaining regulatory approval under the Therapeutic Goods Act (Section 119A of the Patents Act). In general a 'pharmaceutical patent' is one which covers a pharmaceutical substance.

(3.3) SCOPE OF PROTECTION

(3.3.1) Literal Infringement

59 In determining whether a patent is literally infringed, the court will consider whether the product or process used by the alleged infringer embodies all of the essential features of a claim.

60 In determining whether a feature of a claim is essential or not, Australian courts have adopted a purposive approach to construction. This means that the claims will not be read literally. Rather, Australian courts will consider whether a skilled addressee would understand that strict compliance with a word or phrase was intended by the patentee to be an essential requirement.

61 The court will also take the following broad rules of construction into account:

- patents will be construed from the position of the notional skilled addressee before the priority date;
- the specification will be read as a whole; but the court will not narrow or expand the scope of the claim by reference to words in the body of the specification which are not expressly or by proper implication found in the claim;
- terms used must be given their technical meaning if such meaning exists, or else their ordinary meaning;
- expert evidence may be used to assist in ascertaining a term's meaning, although ultimately issues of construction are for the court; and
- terminology is construed in light of the manner in which the terminology is used in the specification.

(3.3.2) Infringement in Substance

62 An allegedly infringing Article or process may include a variation or alteration to one of the essential elements of the invention which falls outside the primary or literal meaning of the patentee's claim (a 'variant').

63 Where an allegedly infringing Article or process embodies a variant, the court will ask itself whether the product or method infringes the patent in substance.

64 A product or method will infringe a patent in substance when, in the case of a variant, the following questions are considered and answered in the following manner:

- does the variant have a material effect on the way the invention works? If yes, the variant is outside the claim. If no –

– would the fact that the variant had no material effect have been apparent to a skilled reader at the publication date of the patent?If no, the variant is outside the patent. If yes –
– would the reader skilled in the art have understood from the language of the claim that the patentee intended that strict compliance with the primary meaning of the claim was an essential requirement of the invention?

If no

– the patent will be infringed by the variant.

(3.4) INDIRECT INFRINGEMENT

(3.4.1) Supply

65 Section 117 of the Patents Act also provides that a person other than the patentee who supplies a product to another party for use in a way which exploits the invention indirectly infringes the patent.

66 The product will be deemed to have been provided for a particular use if:

– the product only has one reasonable use;
– the product is not a staple commercial product and the supplier had reason to believe it would be put to that use; or
– the instructions for use, or any inducement to use the product made by the supplier or with the authority of the supplier indicate that use.

67 Schedule 1 of the Patents Act provides a definition of supply. The definition is not exhaustive, but includes:

(a) supply by way of sale, exchange, lease, hire or hire-purchase; and
(b) offer to supply (including supply by way of sale, exchange, lease, hire or hire-purchase).

(3.4.2) Authorization

68 Section 13 also provides that the patentee has the exclusive right to authorize another person to exploit the patent. Authorization of the exploitation of a patent can result in contributory or indirect infringement of a patent. 'Authorize' is not defined in the Patents Act and its meaning is unclear.[22] Despite disagreement on how 'authorize' should be interpreted, it is clear that the term requires more than the mere facilitation of infringement. It is likely that the authorizing party must have made himself or herself a party to the act of infringement by somehow taking part in the infringing act. This requires some positive step designed to produce the infringement, although further action by another or others may also be required.[23]

[22] *Root Quality Pty Ltd v. Root Control Technologies Pty Ltd* (2000) 177 ALR 231.
[23] *Ramset Fasteners (Aust) Pty Ltd v. Advanced Building Systems Pty Ltd* (1999) 44 IPR 481 at 500.

(3.5) ADDITIONAL APPLICATION OF CIVIL LAW OF UNLAWFUL ACT

69 While Australian courts have not expressly considered the issue of whether the common law doctrine of indirect infringement survived the enactment of the Patents Act, the continued subsistence of the doctrine was assumed in Rescare Ltd v. Anaesthetic Supplies Pty Ltd (1992) 25 IPR 119. At common law, a person may indirectly infringe a patent by aiding or abetting an infringement of the patent, by procuring the infringement of the patent, or by common design. As for authorization, mere facilitation will not suffice.

(3.6) PROPER PARTIES TO AN ACTION

70 Infringement proceedings may be brought against more than one party, whether the allegations against the parties are joint, several or alternative. Where a third party can be shown to have acted together with the respondent to an action to infringe a patent, that third party may also be found liable.

(4) FURTHER DEFENCES TO INFRINGEMENT

(4.1) EXPERIMENTS

71 There is no express statutory exception in the Patents Act for experimental use.

72 However, case law and the explanatory memorandum which accompanied the Patents Act indicate that experimental use may not constitute infringement of a patent.[24] If the exception exists, it will only apply to purely non-commercial use.[25] For example, use of a product in clinical trials for the purpose of obtaining marketing approval will constitute exploitation of a patent.[26]

(4.2) COMPULSORY LICENSES

73 Under section 133 of the Patents Act, the court may order a patentee to grant a licence to an applicant if the applicant can establish either:

(a) (i) the applicant for the licence has tried without success to obtain a licence from the patentee on reasonable terms;
(ii) the reasonable requirements of the public have not been satisfied;
(iii) the patentee has given no satisfactory explanation for failing to exploit the patent;[27] or

(b) the patentee has breached the anti-trust provisions of the Trade Practices Act.

74 The patentee will have failed to satisfy the reasonable requirements of the public if a trade or industry in Australia is prejudiced or demand is not met because of the patentee's failure to manufacture to an adequate extent, carry on a process to an adequate extent, grant licences on reasonable terms or if the patentee has attached unreasonable conditions to the use of the patented product or has failed to work the invention on a commercial scale.

75 An application of this kind can be made three years after the date of sealing of a patent.

76 The applicant for a compulsory licence must also satisfy the court that it has tried for a reasonable period to obtain authorization from the patentee to work the invention on reasonable terms and conditions and has not been successful.

77 Any interested person, including, the compulsory licensee, may apply for the revocation of the patent two years after the grant of the compulsory licence if the reasonable requirements of the public with respect to the patented invention are still not being met and the patentee has given no satisfactory reason for its failure to exploit the patent.

---

[24] See for example *New York University v. Nissin Molecular Biology Institute Inc.* (1994) 29 IPR 173, *Pinefair Pty Ltd v. Bedford Industries Rehabilitation Association Inc.* (1998) 42 IPR 330.

[25] *Pinefair Pty Ltd v. Bedford Industries Rehabilitation Association Inc.* (1998) 42 IPR 330.

[26] *Bristol-Myers Squibb Co. v. FH Faulding & Co. Ltd* (2000) 97 FCR 524, *PhotoCure ASA v. Queens University at Kingston* (2005) 64 IPR 314.

[27] *Fastening Supplies Pty Ltd v. Olin Mathieson Chemical Corporation* (1969) 119 CLR 572.

78 The court may subsequently revoke the compulsory licence if the circumstances which justified the grant of the licence cease and are unlikely to recur and if the court considers that the licensee's legitimate interests are not likely to be adversely affected by the revocation.

(4.3) PRIOR USE

79 Under Section 119 of the Patents Act, a person other than the patentee may use a patented product or process in Australia if they can demonstrate that they were exploiting (make, hire, sell or otherwise dispose, use, import or keep) the product, method or process or had taken definite steps to exploit the product, method or process immediately prior to the priority date of the claim. The provisions of section 119 referred to in the preceding sentence only apply to patents filed on or after 28 September 2006. For patents filed prior to this date the defence only applies to the making of a product or using the process of a patent and not to selling the product or products produced using the process.

80 The onus is on the non-patentee to demonstrate that it has taken definite steps. It is considered that only those steps which are so advanced as to be about to result in the infringing product or process will constitute definite steps.[28]

81 The non-patentee's right of use probably does not extend to commercial exploitation of the claimed product or process.[29]

82 This exception does not apply if the non-patentee derived the invention from the patentee or their predecessor in title under conditions of confidence.

83 Further, the exception does not apply if the non-patentee had ceased making the claimed product or using the claimed process (other than temporarily) before the priority date or if the non-patentee had abandoned the steps to make the claimed product or use the claimed process.

84 Prior use in this sense will not invalidate the patent. However, use of the patented invention prior to the priority date, whether by the patentee or by a non-patentee, may also be relevant to the validity of the patent for the following reasons:

(a) if the non-patentee derived the invention from information that had been made publicly available by the patentee, the publicly available information may be relevant to the determination of novelty and inventive step;
(b) if the non-patentee had made their own product or process or the results of their own product or process publicly available, the publicly available information may be relevant to the determination of novelty and inventive step; or
(c) prior use by the patentee may constitute secret use.

(4.4) EXHAUSTION

85 No doctrine of exhaustion applies in Australia and it appears that patentees may place conditions on the use of a patented product which will be valid if the purchaser has notice

[28] *Welcome Real-Time SA v. Catuity Inc.* (2001) 51 IPR 327.
[29] *Welcome Real-Time SA v. Catuity Inc.* (2001) 51 IPR 327.

of them.[30] However, competition law imposes some important constraints on a patentee's right to control the use of their product after sale. For example, exclusive territorial, price and quantity restrictions on sale or resale may constitute an abuse of market power or resale price maintenance and therefore a breach of the Trade Practices Act 1974 (Cth).

(4.5) DECLARATION OF NON-INFRINGEMENT

86 Section 125 of the Patents Act provides that a person who wishes to exploit an invention may apply to the court for a declaration that the exploitation of the invention would not infringe a particular patent.

87 The patentee must be joined as a party to the proceeding. Section 126 provides that a party may only apply for a declaration of this kind if the patentee has refused to provide a written admission that the applicant's invention does not infringe the patent. The validity of a patent cannot be challenged in a proceeding for a non-infringement declaration. Section 127 provides that where a patentee has admitted non-infringement or a court has given a declaration of this kind, the applicant will not be liable to the patentee for any damages or profits made while the declaration is in force.

88 This section of the Patents Act is very rarely used.

(4.6) UNJUSTIFIED THREATS

89 Section 128(1) of the Patents Act provides that where a person, by means of circulars, advertisement or otherwise, threatens a person with infringement proceedings, or other similar proceedings, a person aggrieved may apply for a declaration that the threats are unjustifiable, an injunction against the continuation of the threats, and the recovery of damages sustained by the applicant as a result of the threats.

90 Whether a communication amounts to a threat is a question of fact. This requires consideration not only of the terms of the communication, but also of the circumstances in which it is made and the manner in which it is made.[31] The court must take into account such background matters as would be available to a reasonable recipient.[32] The person making the threat must convey an intention to enforce patent rights by way of an action for infringement.[33] However, it is not necessary that the alleged threat expressly mention infringement proceedings.

91 Section 131 of the Patents Act provides that it is a defence to an action for unjustified threats if a party is merely notifying another of the existence of their patent.

---

[30] *National Phonograph Co. of Australia Ltd v. Menck* [1911] AC 336.
[31] *Suridge's Patents Ltd v. Trico-Folberth Ltd* (1936) 52 RPC 420 at 423, at 423.
[32] *Bowden Controls Limited v. Acco Cable Controls Limited & Anor* [1990] RPC 427.
[33] *Willis & Bates Ltd v. Tilley Lamp Co.* (1943) 61 RPC 8 at 11.

(5) COURT SYSTEM

(5.1) COMPETENT COURTS

92 The Federal Court (established under the Federal Court of Australia Act 1976 (Cth)) has jurisdiction in respect to patent matters. This jurisdiction is derived from a number of sources, including the Constitution of Australia, the Judiciary Act 1903 (Cth), the Administrative Decisions (Judicial Review) Act 1977 (Cth) and the Patents Act itself. While there is no specialized court for the hearing of patent disputes, patent matters in the Federal Court will be assigned to one of a panel of judges with experience in intellectual property law matters.

93 The Supreme Courts of the states and territories also have jurisdiction to hear patent matters. As a matter of fact, proceedings are usually brought in the Federal Court.

(5.2) PATENT OFFICE

94 The Commissioner of Patents also has certain powers in relation to patents.

(5.2.1) Registration of Patents

95 Under the Patents Act, standard patents are granted by the Commissioner of Patents upon examination. Generally, the term of a standard patent is twenty years from the date of filing, although the term may be extended in certain circumstances for pharmaceutical patents. Innovation patents are granted without examination, but are not enforceable until they have been examined. The term of an innovation patent is eight years from the date of filing.

96 The process by which patents proceed to grant is as follows. After the initial patent application is filed and all formalities have been completed, the details of the patent application will be published, the specification classified and abstracts prepared for search materials (which are based on written prior art). The applicant must then request examination of the patent. The Commissioner of Patents or his/her delegate may report favourably or adversely. If the examiner reports favourably, the Commissioner of Patents will accept the patent request and complete specification. If the Commissioner of Patents reports adversely, the applicant may respond (amending the patent if required) and the matter will proceed to a hearing, at which point the patent request will be accepted or refused. When the patent is accepted, the acceptance will be advertised. The accepted patent is open to opposition for a period of three months from the date that acceptance was advertised. If a patent is unopposed, it will be granted three months after acceptance is advertised. If a patent is opposed, the matter will proceed to hearing. If the opposition is successful, the patent will be refused. If the opposition is unsuccessful, the patent will be granted.

(5.2.2) Re-examination of Patents

97 The Commissioner of Patents may also re-examine patents:

(a) after acceptance and prior to grant;

(b) on the application of the patentee or a third party (where there are no revocation proceedings on foot); or
(c) by order of the court as part of a revocation proceeding.

98 The Commissioner must report on the re-examination. The Commissioner will only report on novelty and inventive step. For the purpose of re-examination the prior art base is restricted to information published in documents and not information publicly available from the doing of an act.

99 Where the Commissioner reports adversely on the re-examination, the patentee may file a statement in reply and may also apply to amend the patent. Where the Commissioner has re-examined the patent prior to grant, the Commissioner must give the applicant a reasonable opportunity to be heard and to amend the specification before refusing to grant.

100 Where the Commissioner of Patents reports adversely on the patent after grant, the Commissioner must not revoke the patent until the Commissioner has given the patentee a reasonable opportunity to be heard and to amend the specification. The Commissioner may revoke the patent in whole or in part. An appeal to the Federal Court of Australia lies from a decision of the Commissioner to revoke a patent. Such an appeal is a hearing de novo and the Court may receive evidence which was not before the Commissioner.[34]

101 The Commissioner cannot revoke or amend the patent while proceedings in relation to the patent are pending. Where the Commissioner of Patents reports adversely on the patent in the context of patent litigation, the Commissioner must provide the report and any response from the patentee to the court.

(5.2.3) Extension of Term

102 The Commissioner of Patents may also hear and determine extension of term proceedings in relation to pharmaceutical patents.

(5.2.4) Amendment of Patents

103 As set out above, the Commissioner of Patents may also consent to the amendment of patents (except where the application for amendment is made in the context of litigation, in which case the application will be determined by the court).

(5.2.5) Appeals

104 For certain administrative matters, the Patents Act provides that appeals will lie from decisions of the Commissioner of Patents to the Administrative Appeals Tribunal. For all other matters, the Patents Act provides that decisions of the Commissioner of Patents may be reviewed by the Federal Court.

(5.3) CONSERVATORY MEASURES

105 There are several conservatory measures available to courts to preserve the assets of a party to patent litigation prior to the final determination of the litigation.

[34] *Commissioner of Patents v. Emperor Sports Pty Ltd* [2006] 67 IPR 488. Once the Commissioner has made an adverse report the Commissioner does not have a discretion whether to revoke.

(5.3.1) Quia Timet Injunction

106 Where a party has threatened to commit an act which would constitute an actionable wrong, the party has not yet done the act, and there is a real threat of the respondent carrying out an actionable wrong, the court may grant a quia timet injunction. The exercise of a court's discretion to grant a quia timet injunction depends on the requirements of justice.[35]

(5.3.2) Mareva Orders

107 Where an applicant in proceedings can demonstrate that there is a real risk that assets would be dissipated by a respondent to render any judgment in favour of the applicant of no effect, the court may grant a Mareva order restraining a respondent from disposing of his or her assets until the trial of a proceeding or further order of the court.[36] This order is typically granted on an ex parte basis.[37] Mareva orders may be granted in the course of a trial where a plaintiff has become apprehensive about a defendant's intended actions in light of the progress of the litigation. An applicant will be required to give certain undertakings before a Mareva order will be granted.

(5.3.3) Anton Piller Orders

108 Where a court is satisfied that a respondent has vital material which he or she is likely to destroy, lose, hide or take out of the jurisdiction in order to defeat the ends of justice and an applicant has an extremely strong prima facie case against the respondent which exposes the applicant to very serious damage, the court may grant an Anton Piller order to prevent the destruction of evidence. The Anton Piller order requires a person to allow the applicant's solicitors, and any supervising solicitor, to enter his or her premises in order to search, and remove for safekeeping, specific items listed in the order which are meant to be used in evidence in civil proceedings between the parties. The order is usually obtained on an ex parte basis, after or at the same time as proceedings are commenced but before service of those proceedings. As for Mareva orders, the applicant must give detailed undertakings before an Anton Piller order will be granted.

109 Where an applicant is unable to identify every possible respondent, it may apply for a 'John Doe' order, which is a species of an Anton Piller order. The John Doe order permits an applicant to appoint one or more particular named respondents to represent other persons against whom orders are sought in a proceeding where there is great difficulty in identifying and naming all the respondents engaged in a certain activity.

---

[35] Hooper V. Rogers [1975] Ch. 43 at p. 50; *Grasso v. Love* [1980] VR 163 at 167; and *Kestrel Coal Pty Ltd v. Construction, Forestry, Mining and Energy Union* (2001) 1 QdR 634, [2000] QSC 150; See also *Gen Rx Pty Ltd v. sanofiaventis* (2007) 73 IPR 502.

[36] *Cardile v. LED Builders Ltd* [1998] 198 CLR 380, *Riley McKay Pty Ltd v. McKay* [1982] 1 NSWLR 264 at 276 and approved by the High Court in *Jackson v. Sterling Industries Ltd* (1987) 61 ALJR 332.

[37] *Third Chandris Shipping Corp. v. Unimarine SA* [1979] QB 645 at 653.

(5.4) PROCEEDINGS

(5.4.1) Pre-Trial Proceedings

110 There is no provision for the deposition of witnesses in Australia.

111 The court has a discretion to determine certain issues (of fact, law or mixed fact and law) separately from the main issues at trial. It is therefore possible (although not usual) for experts to provide evidence prior to trial, which may assist in the determination of the matters in issue at trial.

(5.4.1.1) Preliminary Inspection

112 The Federal Court Rules provide that where an applicant has reasonable cause to believe it may have the right to obtain relief from a party, does not have sufficient information to commence proceedings, and believes that the potential respondent would have information relating to the question of whether the applicant has the right to relief, the court may make an order for preliminary discovery.

113 The court may decline to make an order of this kind if there has been any undue delay in making the application for preliminary discovery or if the other party has been given inadequate time to respond to any inquiries by the applicant.

114 The court may also make an order for preliminary discovery where an applicant is unable to ascertain the description of the potential respondent sufficiently and it appears that a third party is likely to have documents which would assist in identifying the potential respondent.

(5.4.2) Ordinary Proceedings

115 The procedure in ordinary proceedings is determined by the Federal Court of Australia Act 1976 (Cth), the Federal Court Rules and practice notes which are issued from time to time. Proceedings are decided by a single judge.

116 Proceedings are started by filing and serving a statement of claim and an application and such particulars as are required. These documents must be served on the other party and on the Commissioner of Patents not later than 14 days before the date of the first directions hearing in the matter. Special rules apply to service out of the jurisdiction. Generally, parties will file a notice of appearance. Where parties do not file a notice of appearance (e.g., because they do not submit to the jurisdiction of the court) special provisions may apply.

117 At the first directions hearing, the Federal Court will set a timetable for the filing of a defence, any cross claim and defence to cross claim, and replies to defence. After pleadings have closed, the court will usually order discovery (the exchange of non-privileged documents in the possession, custody or power of any party falling within specified categories which are relevant to the issues between the parties). There is no equivalent of oral depositions. Discovery is usually followed by the exchange of evidence. Evidence is usually filed in three stages: evidence in chief, evidence in answer, and evidence in reply. The matter will then proceed to trial.

118 However, the court has a wide discretion in relation to the process of litigation. The court may order that stages of litigation occur in a different order (e.g., a court might order

that discovery should occur after the exchange of evidence), that the trial be expedited, or that discrete matters of fact or law be determined separately.

(5.4.3) Preliminary Injunction Proceedings

119 The court has a discretion to grant interlocutory injunctive relief in patent proceedings pursuant to section 23 of the Federal Court of Australia Act 1976 (Cth) and section 122 of the Patents Act.

120 The object of an interlocutory injunction is to maintain the status quo until the final hearing of the action or determination of the dispute, so as to ensure that no irreparable harm will be suffered by the parties prior to the trial or final orders.[38] Because interlocutory injunctions are granted in circumstances where the evidence is incomplete and the court does not have the benefit of a full hearing on the merits of the case, Australian courts will favour a prompt final hearing of an action rather than an interlocutory injunction hearing.

121 To obtain an interlocutory injunction, an applicant must show:

(a) that there is a serious question to be tried;
(b) that the applicant will suffer irreparable injury for which damages will not be an adequate compensation unless an injunction is granted;
(c) that the balance of convenience favours the granting of an injunction. [39]

122 The court will often take the second element into consideration when assessing the third element, where the balance of convenience lies.

123 The onus is on the applicant to demonstrate that there is a serious question to be tried.[40] If a respondent asserts that a patent is invalid, it is for the respondent to demonstrate that there is a serious question to be tried in relation to that issue.[41]

124 Once the applicant has established that there is a serious question to be tried, the court must consider whether the balance of convenience favours the granting of an injunction. The court will consider whether the nature and degree of harm and inconvenience likely to be sustained by the respondent in the event that an interlocutory injunction is granted would outweigh the nature and degree of harm and inconvenience likely to be sustained by the applicant in the event that the injunction is refused.

125 As part of this analysis, the court will consider whether damages would be an adequate remedy if the applicant were to succeed at trial. If damages are adequate, no interlocutory injunction will normally be granted.[42] If the respondent's conduct would cause 'irreparable injury' to the applicant's interests, damages will not normally be an adequate remedy.[43]

126 If damages would not be an adequate remedy, the court will consider whether the respondent's interests would be adequately protected by an undertaking for damages by the applicant. If the respondent's interests would be adequately protected, the court is more

---

[38] *American Cyanamid Co. v. Ethicon Ltd* [1975] AC 396 at 406.

[39] *Australian Coarse Grain Pull Pty Ltd v. Barley Marketing Board of Queensland* (1982) 46 ALR 398; *Tableland Peanuts Pty Ltd v. Peanut Marketing Board* (1984) 52 ALR 651; *A v. Hayden (No. 1)* (1984) 56 ALR 73; *Queensland v. Australian Telecommunications Commission* (1985) 59 ALJR 562; *Castlemaine Tooheys Ltd v. The State of South Australia* (1986) 161 CLR 148.

[40] *Aktiebolaget Hassle and Astra Pharmaceuticals Pty Ltd v. Pharmacia (Australia) Pty Ltd* (1995) 33 IPR 63 at 69.

[41] *Aktiebolaget Hassle & Anor v. Biochemie Australia Pty Ltd* (2003) 57 IPR 1.

[42] *American Cyanamid Co. v. Ethicon Ltd* [1975] AC 396 at 408.

[43] *Castlemaine Tooheys Ltd v. The State of South Australia* (1986) 161 CLR 148 at 153.

likely to grant the injunction. The refusal by an applicant to give an undertaking may provide good grounds for exercising the court's discretion against the grant of the interlocutory relief sought.[44]

127 The court may take the strength of the applicant's case into account in circumstances where the potential disadvantage to each party is evenly balanced but it is apparent that one party has a much stronger case.[45] The court will be more likely to consider the relative strengths of the applicant's case where the grant of an interlocutory injunction is likely to finally determine the matters in issue between the parties.[46]

128 In considering the issue of balance of convenience, the court will also consider the impact of the injunction upon third parties. The existence of hardship to a third party as a result of the grant of an injunction is not an automatic ground for refusing injunctive relief to a party to the proceedings,[47] but a court may require an applicant to provide undertakings to the third party before an injunction is granted.

129 The court is more likely to grant interlocutory relief against a respondent who is new to a market than against a respondent whose business is established.[48]

130 The court will also consider any delay by the applicant before granting an injunction. Even a relatively short delay in seeking relief may adversely affect the applicant's application for injunctive relief.

131 Finally, patentees should be aware that there are also significant obligations and liabilities which apply to the grant of interlocutory injunctions relating to patents for therapeutic goods. For example, applicants for an interlocutory injunction relating to therapeutic goods must join the Commonwealth or state attorney general as a party to proceedings, and significant penalties may apply where an interlocutory injunction is granted to a patentee in relation to therapeutic goods in circumstances where the application for the injunction is not made in good faith.

(5.4.4) Suspension of Proceedings

132 Generally, there is no provision under Australian law for proceedings in the Federal Court to be suspended while related proceedings are on foot before the Commissioner of Patents.

133 Further, under Australian law, an infringement proceeding for a patent cannot be brought until any opposition to that patent has been successfully defended by the patentee (since a patentee cannot sue on a patent until it is granted and a patent will not be granted until opposition proceedings are concluded in the patentee's favour).

134 The Patents Act provides that the Commissioner of Patents may not re-examine a patent or amend a patent while Federal Court proceedings in relation to that patent are pending or commenced (unless the re-examination is ordered by the Federal Court as part of the proceeding).

---

[44] *National Australia Bank Ltd v. Bond Brewing Holdings Ltd* [1991] 1 VR 386 at 603 – 'he who seeks equity must do equity'.
[45] *American Cyanamid Co. v. Ethicon Ltd* [1975] AC 396 at 409.
[46] *Kolback Securities Ltd v. Epoch Mining NL* (1987) 8 NSWLR 533 at 536.
[47] *Silktone Pty Ltd v. Devreal Capital Pty Ltd* (1990) 21 NSWLR 317 at 324-5.
[48] *Business World Computers Pty Ltd v. Australian Telecommunications Commission* (1988) 82 ALR 499 at 502.

(5.4.5) Appeal

135 The Patents Act provides that certain decisions of the Commissioner of Patents, of other prescribed courts (such as the Supreme Courts of the states and territories), and of other courts in relation to infringement or unjustified threats proceedings may be appealed to the Federal Court.

136 Section 24 of the Federal Court of Australia Act 1976 (Cth) provides that decisions of a single judge of the Federal Court may be appealed to the Full Federal Court. Leave to appeal from the decision of a single judge is not required, except where the decision under appeal relates to an appeal from a decision of the Commissioner of Patents or is an interlocutory decision. The notice of appeal must be filed within 21 days after the date on which judgment was granted or leave to appeal was granted.

137 The notice of appeal must identify what part of the judgment is being appealed, state the grounds of appeal and state the orders sought. The other party may file a cross appeal.

138 Section 27 of the Federal Court of Australia Act 1976 provides that a court shall have regard to the evidence given in the original proceeding. The court may draw inferences of fact and, in its discretion, receive further evidence (although appeal courts are generally reluctant to overturn the trial judge's finding of facts in the absence of compelling reasons to do so).

139 Further evidence may be taken by affidavit or by oral examination. Generally, an appeal court will not accept fresh evidence unless it can be demonstrated that the party seeking to adduce the evidence exercised reasonable diligence to procure the evidence for the trial, it is reasonably clear that if the evidence had been available at the trial a different result would have been produced, and it is otherwise fair to admit the evidence. The new evidence must be relevant. Similarly, the appeal court may consider new arguments, but only where it is fair to do so.

140 Section 28 of the Federal Court of Australia Act 1976 (Cth) provides that the appeal court may affirm, reverse or vary the original judgment and make such orders as it thinks fit, remit the matter to the original court for rehearing, or order a new trial.

141 The appeal court may expedite the appeal process.

(5.4.6) Supreme Court

142 Decisions of the Full Federal Court may be appealed to the High Court, but only with the leave of the High Court.

143 Section 35A of the Judiciary Act 1903 (Cth) provides that in considering whether to grant an application for special leave to appeal, the High Court will have regard to whether the proceedings to which the application relate:

(a) involve a question of law that is of public importance; or
(b) require the High Court to resolve differences of opinion as to the state of the law; and
(c) whether the interests of the administration of justice require the High Court to consider the case.

144 An application for special leave to appeal to the High Court must be lodged within 28 days of the date of judgment of the Full Federal Court.

(5.5) EVIDENCE

145 Evidence is usually exchanged after the close of pleadings and after the parties have made discovery. However, the court may vary this timetable in its discretion if it appears desirable in the interests of the administration of justice.

146 The Evidence Act 1995 (Cth) provides that the court may make such orders as it considers just in relation to the examination of witnesses, but generally witnesses may be examined, cross-examined and re-examined.

147 Opinion evidence is generally inadmissible, unless it is the opinion of an expert.

(5.5.1) Expert Evidence

148 In patent litigation in Australia, expert evidence is often crucial to the determination of proceedings.

149 To qualify as expert evidence, the opinion must be given by a witness with specialized knowledge based on his/her training, study or experience, and must be wholly or substantially based on that specialized knowledge. The evidence must be relevant to the matters in issue.

150 The court has established certain rules in relation to the matters on which an expert may give evidence:[49]

(a) The opinion prepared by the expert must be 'wholly or substantially based on the witness' expert knowledge'.
(b) If the opinion is based on facts 'observed' by the expert they must be identified and admissibly proved by the expert.
(c) If the opinion is based on 'assumed' or 'accepted' facts they must be identified and proved in some other way.
(d) It must be established that the facts on which the opinion is based form a proper basis for the opinion.
(e) The opinion of an expert requires demonstration or examination of the scientific or other intellectual basis of the conclusions reached i.e. the expert's evidence must explain how the field of knowledge on which the opinion is based applies to the facts assumed or observed so as to produce the opinion prepared.

151 Expert evidence must comply with the Practice Direction entitled 'Guidelines for Expert Witnesses in proceedings in the Federal Court of Australia' issued by the Federal Court.

152 Normally, expert evidence must be provided in a written form.

153 Recent jurisprudence demonstrates a suspicion on the part of the court as to the qualifications of and helpfulness of 'expert' witnesses in the context of patent litigation.[50] The cases demonstrate the need for lawyers to take care to:

(a) demonstrate the expertise and relevant experience of a witness;

---

[49] *Makita (Australia) Pty Ltd v. Sprowles* (2001) 52 NSW LR 705. In practice, the principles may not be strictly applied by the Court, and Branson J in *Sydneyside Distributors Pty Ltd v. Red Bull Australia Pty Ltd & Anor* (2002) 55 IPR 354 at [7] described them as 'a counsel of perfection'.

[50] See *Minnesota Mining & Manufacturing Co. v. Tyco Electronics Pty Ltd* (56 IPR 248), *Fina Research SA v. Halliburton Energy Services Inc.* [2003] FCA 55.

(b) adequately brief expert witnesses without 'leading' them to conclusions; and
(c) ensure that witness statements distinguish between issues of fact (on which witnesses may be qualified to comment) and issues of law (which are properly the subject of submissions).

(5.5.2) Court Experts/Assistants

154 Order 34 of the Federal Court Rules provides for the appointment of a court expert to inquire into and report upon questions.

155 Order 34 provides that the report of the court expert is provided to all parties and is admissible but non-binding. The court expert may be cross-examined by all parties. The expense of the court expert is usually borne jointly by the parties. Where a court expert is appointed, parties may only adduce evidence on the same issue from other experts upon notice to the other parties and by leave of the court.

156 Alternatively, under Order 34B, the court may appoint an 'expert assistant' to assist the court on issues of facts and opinions (but not law). Section 217 of the Patents Act also provides that the court may appoint an assessor to assist in the hearing or trial and determination of a proceeding, but Order 34 provides more detailed guidelines as to the use of expert assistants. Order 34B specifies that potential witnesses may not be appointed as expert assistants. The expert assistant must give the court a report on the issues identified by the court. Each party has the opportunity to comment on the report or to adduce further evidence, but not to cross-examine the expert assistant. The expert assistant may not communicate with the parties without the leave of the court and may not give evidence in the proceeding.

157 Until relatively recently, Australian courts have been slow to adopt the opportunity to appoint a court expert and/or an expert assistant, in contrast to the position in the United Kingdom where courts engage experts from time to time, but this situation is slowly changing.[51] The court may also use the expertise of the Commissioner of Patents to assist in the evaluation of a patent's validity under the re-examination procedure set out by the Patents Act.[52]

(5.5.3) Joint Reports

158 Order 34A of the Federal Court Rules provides that if two or more parties to a proceeding call, or intend to call, expert witnesses to give opinion evidence about the same or similar questions, the court may direct that:

(a) the witnesses confer or produce a joint report identifying the matters agreed and the matters at issue between them;
(b) the witnesses have an opportunity to reconsider their evidence in light of the factual evidence led at trial; and/or
(c) the witnesses may give evidence and be cross-examined together.

159 These procedures allow for the identification of agreed facts and issues in dispute between the parties, and provide a more informal mechanism for resolving issues. Like the

[51] See for example *Genetic Institute Inc. v. Kirin-Amgen Inc. (No. 2)* (1998) 39 IPR 155, in which Heerey J appointed an assessor under Section 217 of the Patents Act.
[52] See *Capral Aluminium Limited v. G & J Koutsoukos Pty Ltd* (2005) 63 IPR 254.

court expert provisions outlined above, these provisions are perceived to provide a more informal and less partisan manner of providing evidence.

(5.5.4) Burden of Proof

160 In general, a party who claims a certain fact has the burden of demonstrating that fact, unless an exception or the requirements of justice demand otherwise.

161 Generally, in infringement proceedings the onus will be on the patentee to demonstrate that a product or process infringes the patentee's patent. Section 120(1) of the Patents Act provides one exception to this rule. In the case of process patents, if a patentee can demonstrate that it is very likely that an Article manufactured by an alleged infringer was made by the patented process and that it has been unable to ascertain the actual process used after taking reasonable steps, the onus of proof is on the alleged infringer to prove that the product was not obtained by using the patented process.

162 A party applying to revoke a patent will have the onus of proving that the patent is invalid.

163 In considering the burden of proof, it should be remembered that all parties to litigation are required to discover documents relating to the matters in issue. Usually, parties are required to discover non-privileged documents which fall within specified categories and which are relevant to the matters in issue. Discovered documents may assist a party to prove its case.

(6) REMEDIES

164 In patent infringement and/or validity cases, the court will usually make a declaration as to the infringement and/or validity of the patent.

(6.1) INJUNCTIONS

165 Where a patent is found to be valid and infringed, the court will usually grant a final injunction which restrains the infringer from infringing the patent. This injunction will usually be framed to catch all infringing acts, not just the conduct which was the subject of the proceedings.[53] However, the injunction must be framed in a way which makes the scope of the injunction clear to the infringer.

166 Where the patentee apprehends that the respondent may supply the goods to third parties who may use those goods in a ways which infringes the patent, the court may order that the respondent must also supply third parties with instructions for the use of the goods which instruct third parties to use the goods in a non-infringing manner.

(6.2) NAME OF MANUFACTURER, DISTRIBUTOR, ETC.

167 Respondents in an infringement action are usually required to make discovery relating to manufacturers and distributors as part of the discovery process. Applicants may also be able to make a preliminary discovery application to ascertain this information where it is possible that the manufacturer and/or distributor will be joined as a party to proceedings (see above). Where this information is particularly sensitive, the parties may agree or the court may make orders in relation to a confidentiality regime which will allow the solicitors for the applicants but not the applicants to review this information.

(6.3) NAME OF CUSTOMERS; INFORMATION REGARDING NUMBER OF INFRINGING PRODUCTS, ETC.

168 Respondents in an infringement action are usually required to make discovery relating to customers and products manufactured and sold as part of the discovery process. Where this information is particularly sensitive, the parties may agree or the court may make orders in relation to a confidentiality regime which will allow the solicitors for the applicants but not the applicants to review this information.

[53] *Welcome Real-Time SA v. Catuity Inc.* (No. 2) [2001] FCA 785.

(6.4) RECALL

169 While Australian courts have been known to order product recalls in copyright cases,[54] orders of this kind are not usually made in patent litigation.

(6.5) DISPOSAL OUTSIDE THE CHANNELS; DESTRUCTION

170 A court may in appropriate cases make an order prohibiting the disposal of infringing items outside the jurisdiction.[55] Such an order is made to protect the patentee rather than to punish the defendant, and it will not be made if the products have been rendered non-infringing (e.g., if sale of the products outside the jurisdiction would be non-infringing and there is no evidence that the respondents intend to re-import them).[56]

171 A court may also make an order for the delivery up or destruction of infringing items.[57] Courts will not make an order for delivery up or destruction where a product is capable of non-infringing use.[58]

(6.6) COSTS

172 Generally, the costs of the successful litigant will be paid by the unsuccessful litigant. However, if special circumstances exist (e.g., the successful party has delayed, greatly increased costs by their conduct, or the remedies awarded are minimal) the court may exercise its discretion to make other orders as to costs.

173 Generally, costs will be recovered on a 'party-party' basis. As a matter of practice, successful litigants can expect to recover about 50% of their costs. However, courts may order that costs be paid on another basis (such as solicitor-client or indemnity) if the conduct of parties justify it (e.g., if proceedings were brought for an ulterior motive or if one of the parties had otherwise acted egregiously).[59]

(6.7) DAMAGES/ACCOUNTING OF PROFITS

174 In the case of patent infringement, the applicant must elect to seek either an award of damages or an account of profits.

175 An applicant must prove damage to be awarded damages. Damages will compensate the applicant for the loss suffered as a result of the infringement. Damages attempt to restore the applicant to the position they would have been had the infringement not occurred.[60]

---

[54] See for example *Abrasives and Related Suppliers Pty Ltd v. Rotheram* [2003] FCA 838.
[55] *Roussel Uclaf v. Pan Laboratories Pty Ltd* (1994) 29 IPR 556.
[56] *Roussel Uclaf v. Pan Laboratories Pty Ltd* (1994) 29 IPR 556.
[57] *Roussel Uclaf v. Pan Laboratories Pty Ltd* (1994) 29 IPR 556.
[58] *Welcome Real-Time SA v. Catuity Inc.* (No. 2) [2001] FCA 785.
[59] *Colgate-Palmolive Co. v. Cussons Pty Ltd* (1993) 46 FCR 225.
[60] *Ramset Fasteners (Aust) Pty Ltd v. Advanced Building Systems Pty Ltd* (1999) 44 IPR 481.

Damages are calculated from the later of the day the complete specification is open to public inspection or the first date of infringing conduct. Damages may be based on the applicant's loss of sales, lost licence fees, or a notional royalty rate, and may include loss of goodwill.

176 If an infringer was not aware of the existence of the patent, the court may refuse to award damages.

The Court may also award additional damages under section 122(1A) of the Patents Act taking into account:

(1) the flagrancy of the infringement;
(2) the need to deter similar infringements;
(3) the conduct of the infringer that occurred after the infringement and after the infringer was informed that it was infringing;
(4) any benefit accruing to the infringer.

177 A patentee does not need to prove damage to be awarded an account of profits. An account of profits requires the infringer to account for all profits attributable to the use of the patented invention. An account of profits will be based on a calculation of net profits.

178 In most cases, the quantum of damages or profits will be determined after the issue of liability.

(6.8) POSITION OF LICENSEES AND PLEDGEES

179 Patentees and exclusive licensees who have registered their exclusive licence may take action against potential infringers. Where an exclusive licensee brings an action, the patentee must be joined as a party. Persons without a registered interest in the patent may generally not bring proceedings, although where an assignee of the patent has not registered their interest, it may procure the patentee to bring proceedings for its benefit or bring proceedings in the name of the patentee.[61]

180 The patentee and any person claiming an interest in the patent, as exclusive licensee or otherwise, are parties to revocation proceedings.

181 The Commissioner of Patents must also be served with all infringement and revocation proceedings, and may appear and be heard.

[61] *Stack v. Brisbane City Council* (1996) 35 IPR 296.

(7) CONCLUSION

182 While Australian patent law bears a strong resemblance to patent law in other jurisdictions, there are also significant differences, both in the law and in the procedures which are applied. In general, the Australian system provides flexible and economic options for the enforcement of patents. Close knowledge of the Patents Act can assist a potential litigant seeking to resolve a dispute in the most efficient way possible.

183 Australia has a few specialist patent litigators, and it is advisable to use these litigators to conduct patent litigation.

(8) TABLES

Preliminary Injunction Proceedings: First Instance

Introduction	Counterclaim	Oral Hearing	Judgment/Appeal
In an urgent case, the court may grant an injunction in the absence of, and without notice to, an infringer (ex parte).	Since an application for an injunction may be heard ex parte, the respondent may not have an opportunity to file a cross claim.	In general, the party seeking the injunction must provide evidence which supports its case. The party seeking the injunction must also disclose any information which is adverse to its case.	The case will be determined by a single judge, normally selected from a panel of judges with experience in intellectual property cases. There is no fixed period for the delivery of a judgment. The speed with which judgment will be delivered will be determined by a large extent by the urgency of the situation. Judgments may be delivered immediately in some cases.

Where an application is not made ex parte, any likely cross claim by the defendant will be taken into account in considering whether the balance of convenience favours granting an injunction.

Where an application is ex parte, the evidence will be presented and arguments made to the court. In other cases, the party against whom the injunction is sought will have an opportunity to answer the evidence and arguments of the applicant.

Preliminary Injunction Proceedings: Appeal (Urgent Appeal)

Introduction	Cross Appeal	Oral Hearing	Judgment/Appeal
There is no special procedure for urgent appeals.	Alternatively, the respondent may file and serve a notice of cross appeal within 21 days of receiving the notice of appeal.	Usually, the hearing would occur at the next sitting of the Full Court of Appeal, at least 6 weeks after the appeal is instituted. However, in urgent circumstances, the appeal may be expedited. The parties may file written submissions before the appeal is heard. The parties must seek leave to file new evidence. There are no set time periods for oral argument.	The case will be heard and determined by three judges.

Introduction	Cross Appeal	Oral Hearing	Judgment/Appeal
Generally, appeals from an interlocutory judgment are only possible with leave of the Court. The application for leave may be made orally at the time judgment is given or by notice of motion, usually within seven days. The Court of Appeal may impose conditions on or revoke leave to appeal. The applicant should file a notice of appeal setting out all of the grounds for appeal (this usually occurs within 21 days of receiving leave to appeal, but may be expedited).		The scope of the appeal will be determined by the issues raised in the notice of appeal and the notice of cross appeal.	
The appeal will not operate as a stay of the interlocutory judgment unless expressly ordered.		There is no fixed period for the delivery of a judgment. The speed with which judgment will be delivered will be determined by a large extent by the urgency of the situation. Any appeal to the High Court must be filed within 28 days of the judgment of the Court of Appeal.	

Preliminary Injunction Proceedings: Appeal (Normal Appeal)

Introduction	Cross Appeal	Oral Hearing	Judgment/Appeal
Generally, appeals from an interlocutory judgment are only possible with leave of the Court. The application for leave may be made orally at the time judgment is given or by notice of motion, usually within seven days. The Court of Appeal may impose conditions on or revoke leave to appeal.	The respondent may file and serve a notice of cross appeal within 21 days of receiving the notice of appeal.	Usually, the hearing would occur at the next sitting of the Full Court of Appeal, at least 6 weeks after the appeal is instituted and at least 3 weeks after the hearing date is set (to allow the parties time to prepare). Appeals will normally take up to 6 months.	The case will be heard and determined by three judges.
The applicant should file a notice of appeal setting out all of the grounds for appeal within 21 days of receiving leave to appeal.		The parties may file written submissions before the appeal is heard. The parties must seek leave to file new evidence.	There is no fixed period for the delivery of a judgment.
The appeal will not operate as a stay of the interlocutory judgment unless expressly ordered.		There are no set time periods for oral argument.	There is no fixed period for the delivery of a judgment.
			Any appeal to the High Court must be filed within 28 days of the judgment of the Court of Appeal.

Preliminary Injunction Proceedings: Appeal to High Court

Introduction	Written Memorandum	Oral Hearing	Judgment/Appeal
Special leave to appeal is required to appeal to the High Court. There is no general right of appeal and the matter must raise issues of public importance and/or the administration of justice.	Within 21 days of obtaining leave to appeal, the applicant must file and serve a notice of appeal on the same terms as the draft notice of appeal. The applicant must file the appeal book and exhibits within 14 days of instituting the appeal, which will be settled by the Court.	The parties may file written submissions in advance of the hearing.	Appeals will be decided by either five or seven judges of the High Court of Australia on the basis of the issues Raised in the appeal book.
The special leave application made to the High Court must be filed at the High Court Registry within 28 days of judgment of the Federal Court of Appeal and served on the other parties within a further 7 days. The respondent may oppose the application for special leave.	The respondent may file a notice of appearance and a notice of cross appeal within 14 days of receipt of the notice of appeal. Special leave to cross appeal must be granted, which may occur at the hearing of the appeal.	The hearing of the appeal normally occurs within 6 months of the grant of leave to appeal.	Judgment will normally be rendered within 3 to 6 months of the hearing date.

Introduction	Written Memorandum	Oral Hearing	Judgment/Appeal
The applicant must file a written summary of argument and a draft notice of appeal within 28 days of filing an application for special leave.			
The respondent may file a summary of argument within 21 days of receipt of the applicant's summary of argument and notice of appeal. Generally, the motion for special leave must then be made orally before a panel of judges of the court. The parties are each allowed 20 minutes for oral argument and the applicant is allowed a further 5 minutes to reply. In special circumstances, however, the High Court will consider the motion on the basis of the written summary of argument.			
The High Court will be reluctant to stay the judgment of the Federal Court of Appeal except in exceptional circumstances.			

Accelerated Proceedings on the Merit: First Instance

Introduction	Defence/ Counterclaim	Oral Hearing	Judgment/ Appeal
Proceedings are instituted using the normal procedure (filing of an application and statement of claim). A letter setting out the reasons for expedited trial should be filed with the application and statement of claim. These documents should be served upon the respondent.	If the court agrees to an expedited trial, a timetable will be set down at the first directions hearing. This timetable will include any cross claim (if relevant).	The time for filing evidence in reply, evidence in answer and submissions will be set down by the Court having regard to the particular circumstances. There is no set period for the hearing of the matter.	There is no fixed period for the delivery of a judgment.
The judge allocated to the matter will determine the application for an expedited trial at the first directions hearing.		An expedited proceeding might take about 6 months, depending on the matters in issue and the court orders made.	Any appeal must be filed within 21 days of the date of judgment.

Normal Proceedings on the Merit: First Instance

Introduction	Defence/ Counterclaim	Oral Hearing	Judgment/ Appeal
The applicant must file and serve an application and statement of claim (including particulars).	The Court will set a timetable for the proceeding at the first directions hearing. This timetable will include any cross claim (if relevant).	The time for filing evidence in reply, evidence in answer and submissions will be set down by the Court having regard to the particular circumstances. There is no set period for the hearing of the matter.	In principle, the court will deliver judgment within three months of the date of hearing.
The judge allocated to the matter determines the application for an expedited trial at the first directions hearing.		A proceeding might take 12–18 months, depending on the complexity of the matters in issue.	Appeals must be filed within 21 days of the date of hearing.

Accelerated Proceedings and Normal Proceedings: Appeal

Introduction	Cross Appeal	Oral Hearing	Judgment/Appeal
Appeals must usually be filed within 21 days of the date of judgment.	The respondent may file and serve a notice of cross appeal within 21 days of receiving the notice of appeal.	Usually, the hearing would occur at the next sitting of the Full Court of Appeal, at least 6 weeks after the appeal is instituted and at least 3 weeks after the hearing date is set (to allow the parties time to prepare). Appeals will normally take up to 6 months.	The case will be heard and determined by three judges.
The appeal will not operate as a stay of the judgment unless expressly ordered.		The parties may file written submissions before the appeal is heard. The parties must seek leave to file new evidence.	The scope of the appeal will be determined by the issues raised in the notice of appeal and the notice of cross appeal.
		There are no set time periods for oral argument.	There is no fixed period for the delivery of a judgment. Any appeal to the High Court must be filed within 28 days of the judgment of the Court of Appeal.

Accelerated Proceedings and Normal Proceedings: Appeal to High Court

Introduction	Written Memorandum	Oral Hearing	Judgment/Appeal
Special leave to appeal is required to appeal to the High Court. There is no general right of appeal and the matter must raise issues of public importance and/or the administration of justice.	Within 21 days of obtaining leave to appeal, the applicant must file and serve a notice of appeal on the same terms as the draft notice of appeal. The applicant must file the appeal book and exhibits within 14 days of instituting the appeal, which will be settled by the Court.	The parties may file written submissions in advance of the hearing.	Appeals will be decided by either five or seven judges of the High Court of Australia on the basis of the issues raised in the appeal book.
The special leave application made to the High Court must be filed at the High Court Registry within 28 days of judgment of the Federal Court of Appeal and served on the other parties within a further 7 days. The respondent may oppose the application for special leave.	The respondent may file a notice of appearance and a notice of cross appeal within 14 days of receipt of the notice of appeal. Special leave to cross appeal must be granted, which may occur at the hearing of the appeal.	The hearing of the appeal normally occurs within 6 months of the grant of leave to appeal.	Judgment will normally be rendered within 3 to 6 months of the hearing date.

Introduction	Written Memorandum	Oral Hearing	Judgment/Appeal
The applicant must file a written summary of argument and a draft notice of appeal within 28 days of filing an application for special leave.			
The respondent may file a summary of argument within 21 days of receipt of the applicant's summary of argument and notice of appeal.			
Generally, the motion for special leave must then be made orally before a panel of judges of the High Court. The parties are each allowed 20 minutes for oral argument and the applicant is allowed a further 5 minutes to reply. In special circumstances, however, the High Court will consider the motion on the basis of the written summary of argument.			
The High Court will be reluctant to stay the judgment of the Federal Court of Appeal except in exceptional circumstances.			

Relationship between Infringement and Validity

Heard together?

Can be heard together in one action. However a separate hearing of infringement and validity can occur.

Where an applicant seeks an injunction against alleged infringement, the court will take the possible invalidity of the patent into account when evaluating the balance of convenience.

Role of Experts

Party Experts	Experts Appointed by Court	Expert Opinion of Australian Patent Office
It is very common for each of the parties to submit expert evidence. Parties are given the opportunity to file evidence in reply and evidence in answer, and examination and cross-examination of experts is common.	Although this does not happen regularly in patent proceedings, the Court may appoint a court expert to inquire into and report upon certain questions. The report of the court expert is provided to all parties and is admissible but non-binding. The court expert may be cross-examined by all parties. The expense of the court expert is usually borne jointly by the parties. Where a court expert is appointed, parties may only adduce evidence on the same issue from other experts upon notice to the other parties and by leave of the court.	Although not a common occurrence in patent proceedings, the Court may request the Patent Office to render an opinion on the validity of the patent under the re-examination procedure. This opinion is not binding on the court. After the re-examination report has been provided to the court, the patentee will have the right to comment upon it.

Party Experts	Experts Appointed by Court	Expert Opinion of Australian Patent Office
Alternatively, the court may appoint an 'expert assistant' to assist the court on issues of facts and opinions (but not law) or an assessor to assist in the hearing or trial and determination of a proceeding. Potential witnesses may not be appointed as expert assistants. The expert assistant must give the court a report on the issues identified by the court. Each party has the opportunity to comment on the report or to adduce further evidence, but not to cross-examine the expert assistant. The expert assistants may not communicate with the parties without the leave of the court and may not give evidence in the proceeding.		
Until relatively recently, Australian courts have not adopted the opportunity to appoint a court expert and/or an expert assistant.		

Duration of Preliminary Injunction Proceedings

First Instance	Urgent Appeal	Normal Appeal	Appeal to Supreme Court
There is no set period for the hearing of a preliminary injunction or the delivery of a judgment. In exceptional circumstances, an injunction application may be heard and determined within the same day or within days. More usually, the application will be determined within a month of the hearing.	6 months.	12 months.	12 to 18 months.

Duration of Normal Proceedings (Infringement and/or Invalidity)

	First Instance	Appeal	Appeal to Supreme Court
In accelerated proceedings:	Usually, around 12 months	12 to 18 months	6 months
In normal proceedings:	12 to 18 months at a minimum		

Costs of Infringement and Invalidity Proceedings

Preliminary Injunction	Normal Proceedings (Infringement)	Normal Proceedings (Invalidity)	Normal Proceedings (Infringement and Invalidity)	Appeal (to Court of Appeal and High Court in Preliminary Injunction or Normal Proceedings)
AUD 50,000–AUD 100,000 minimum, depending to a large extent on the complexity of the patent and the number of matters in issue.	AUD 500,000–AUD 1,000,000 minimum, depending to a large extent on the complexity of the matters in issue.	AUD 500,000–AUD 1,000,000 minimum, depending to a large extent on the complexity of the matters in issue.	AUD 500,000–AUD 1,000,000 minimum, depending to a large extent on the complexity of the matters in issue.	AUD 100,000 minimum, depending to a large extent on the complexity of the matters in issue.