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INTELLECTUAL PROPERTY

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give effect to
recommendations
arising from
intellectual property
reviews

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New Intellectual Property Bill introduced into Parliament

The Intellectual Property Laws Amendment Bill 2006 was introduced into the House of Representatives on 30 March 2006. If enacted, the Bill will amend the *Patents Act 1990*, the *Trade Marks Act 1995*, the *Designs Act 2003*, the *Plant Breeder's Rights Act 1994* and the *Olympic Insignia Protection Act 1987*. Senior Associate Jonathan Gottschall, Patent Attorney Anthony Selleck and Trade Marks Attorney Peter Ryan report on the major amendments made by the Bill.

The Intellectual Property Laws Amendment Bill 2006 (the **Bill**) gives effect to a number of outstanding recommendations arising from a number of intellectual property reviews the Federal Government has initiated over recent years. Draft regulations to fully implement a number of provisions in the Bill have not been promulgated and will no doubt be made once the Bill has progressed through Parliament. AAR will be closely monitoring the progress of the Bill through Parliament and reporting further on the impact of the provisions to our clients and contacts in due course. At this early stage, we provide a summary of the major amendments made by the Bill. For more information, contact our experts listed at the end of this article.

Patent enforcement

The Bill includes amendments that will impact on patentee's rights to enforce patents and that will come into effect immediately after the legislation receives royal assent. A positive development for patentees is the inclusion of provisions giving courts broader scope in awarding damages. The Bill does, however, extend the ambit of the defence of prior use. This amendment will thus further limit a patentee's rights where there has been prior undisclosed independent development of the patented technology.

Exemplary damages

The *Patents Act 1990* currently allows courts to award compensation for patent infringement on the alternative bases of either damages (the patentee's lost profit) or an account of profits (the infringer's unjust gain).

Compensation in either case is limited to the amount of money that can be proved to have been lost or gained as a result of the infringement. The amendment in the Bill adds a new provision to the *Patents Act* allowing courts to provide additional compensation to the patentee – referred to as 'exemplary damages' – where it is appropriate in the circumstances. Factors the court will need to consider in determining whether exemplary damages are appropriate include the flagrancy of the infringement, the need to deter similar infringements and the unjust benefits the infringer has obtained. The provisions in the Bill are modelled on corresponding provisions in the *Copyright Act 1968*. While these provisions in the *Copyright Act* are only used occasionally, courts have become more willing in recent years to award exemplary damages in appropriate cases.

Prior use

The *Patents Act* currently provides a 'prior use' defence to patent infringement. The defence applies in cases where a party was using an invention, or taking definite steps to use it, before another party applied to patent it. If such use was in the public domain it would, of course, provide a ground of revocation of the patent, and the defence of 'prior use' therefore generally refers to secret prior use. The amendments in the Bill are intended to clarify the scope of the defence and allow for its assignment. The changes to the defence are as follows.

- Under the Bill, the prior use defence is limited to prior use of the invention (or definite steps to use it) in Australia. This makes clear that the defence is not available to parties that may be able to show prior use of the invention overseas.
- The Bill includes a broad definition of the term 'exploit' and uses this to define the conduct that gives rise to the defence. The purpose of this amendment is to clarify that the prior use defence encompasses the acts that would otherwise constitute infringement, including, for example, research activity that has not necessarily reached the commercialisation stage. The amendments therefore provide parties having research and development activity greater confidence that the benefit of their work will not be lost as the result of another party applying to patent an invention before them.

- The Bill allows the rights of a prior user to be assigned to another party. This recognises the fact that parties who develop technology will not necessarily commercialise the technology themselves, but may choose to assign to another party. Under the Bill, a party will now be able to assign (but not to license) their 'prior use' right to use the invention.

Overall, the amendments to the prior use defence provide parties engaged in research activities with a clearer and better defined right to continue their research and to commercialise research outcomes. Naturally, this comes at the cost of expanding the prior use exception to the rights enjoyed by patentees.

Other patent provisions

Springboarding on pharmaceutical patents

In the context of the Bill, 'springboarding' refers to the use of a patented pharmaceutical product, during the term of the patent, for the purpose of collecting data that is required to obtain regulatory approval of a generic version of the product. The Bill contains provisions that, if passed, will significantly widen the circumstances in which springboarding by generic pharmaceutical companies is permitted in Australia.

Currently, pharmaceutical patent springboarding is only permitted in respect of patents for which an extension of term has been granted, due to delays in obtaining marketing approval for the relevant product. The Bill permits springboarding in respect of all pharmaceutical patents, irrespective of whether the patent in question has been granted an extension of term.

The term 'pharmaceutical patent' has been defined widely to encompass patents that claim both pharmaceutical substances *per se* and methods, uses or products 'relating to' pharmaceutical products. This wide definition is intended to cover all patents that a generic pharmaceutical company would need to exploit in order to seek inclusion of a product – other than a medical or therapeutic device – on the Australian Register of Therapeutic Goods.

Although the Bill provides that springboarding in respect of Australian patents will be permitted for the purpose of obtaining regulatory approval in a foreign country, pharmaceutical substances may only be exported if the term of the patent in question has been extended. Further, stockpiling a patented product for subsequent sale remains an infringing act.

Compulsory licensing

The compulsory licence provisions of the *Patents Act* provide a mechanism to make use of patented inventions, in circumstances where the reasonable requirements of the public with respect to those inventions have not been satisfied and the patentee provides no satisfactory reason for not exploiting the invention. Although the provisions have been seldom used, one rationale for their existence is that they may nevertheless positively impact on voluntary licensing negotiations (and hence encourage innovations to be worked in Australia) by offering an inducement to patentees to grant licenses on satisfactory terms.

The Bill adds an additional ground upon which a compulsory licence may be sought, which is where a patentee has engaged or is engaging in 'anti-competitive conduct', (as defined in Part IV of the *Trade Practices Act 1974*) in connection with the patent. Providing this additional ground is intended to increase accessibility to patented inventions. The rights of a patentee to resist a grant of a compulsory licence by providing a satisfactory reason for not exploiting an invention and, if a licence is granted, to proper remuneration, will be maintained. Jurisdiction to hear applications for compulsory licences will be removed from the state Supreme Courts to become exclusively the jurisdiction of the Federal Court.

Trade marks provisions

In relation to Australian trade marks, the Bill proposes a number of amendments to the *Trade Marks Act 1995* (Cth) (the **Act**). The most significant amendments include:

- changes to the grounds on which the Registrar of Trade Marks (the **Registrar**) may revoke acceptance of a trade mark application;
- granting the Registrar power to revoke trade mark registrations in circumstances previously available only on application to the Federal Court; and
- providing the Registrar with power to make documents available to public inspection that would previously have been subject to the Freedom of Information (**FOI**) regime.

Other amendments proposed under the Bill include changes to rules and procedures regarding certification trade marks, and procedural clarification of days on which the Australian Trade Marks Office and its sub-offices are deemed to be open for the purpose of lodgment of documents.

Revocation powers

The most significant amendments proposed under the Bill that will affect the rights of trade mark owners are the powers to be granted to the Registrar to revoke the acceptance of trade mark applications, and to revoke trade mark registrations.

Revocation of acceptance

Section 38 of the Act currently provides that before a trade mark is registered, acceptance of an application may be revoked if there is either:

- an error or omission during examination; or
- special circumstances.

The Bill proposes an amendment to s38 that will allow revocation of acceptance if the Registrar is satisfied that the application should not have been accepted, taking into account all of the circumstances; and whether the revocation is reasonable. Under the Bill, the grounds on which the Registrar may revoke acceptance are broader than is currently the case, and allow the Registrar to take into account circumstances that existed at the time the application was accepted, whether or not the Registrar was aware of such circumstances. Once introduced, this new power will apply to all applications, including those accepted before commencement of the amendment.

Revocation of registration

Section 84 of the Act currently provides the Registrar with the power to cancel a trade mark registration, but only on application from the trade mark owner.

Otherwise, the Act provides that only a prescribed court (eg the Federal Court) may order the Registrar to cancel a trade mark registration on specific grounds.

The Bill will insert a new s84A into the Act, which will provide the Registrar with the power to revoke a trade mark registration if the Registrar is satisfied that:

- the trade mark should not have been registered, taking into account all of the circumstances existing when the mark was registered; and
- it is reasonable to revoke registration.

The circumstances to be taken into account by the Registrar include:

- errors or omissions leading to registration;
- Australia's obligations under international agreements;
- special circumstances;
- use of the trade mark;
- legal proceedings relating to the trade mark; and
- other action taken in relation to the trade mark.



The Bill provides that the Registrar must give notice to the owner of the trade mark registration and any person recorded as having a claimed interest in the registration, and that those parties have a right to be heard. Presumably, the normal procedures in relation to trade mark hearings would then apply following such notice. The Bill also provides that any notice of the Registrar's decision to revoke must be provided to those parties within 12 months of the date of registration of the trade mark. The Registrar's proposed new revocation powers are aimed at reducing the expense to parties of seeking revocation before the Federal Court, although it should be noted that the Bill provides for an appeal to the Federal Court from the Registrar's decision (new s84D).

Additionally, it appears that the Federal Court's powers to order the Registrar to cancel a trade mark registration will remain, so that parties will now have two avenues for seeking revocation.

Access to trade mark documents

Under the current regime, all documents lodged with IP Australia become public documents, but may only be released for public inspection under the FOI provisions. Those FOI provisions provide that certain procedures must be followed before documents are released. Those procedures generally include giving notice of the particular FOI request to the party who lodged the document originally and providing them with the opportunity to object to release of the documents on the grounds of confidentiality.

Under clause 217A, the Bill proposes that the Registrar must make available for public inspection documents that have been 'prescribed', on the basis that such documents do not contain confidential information. For the purposes of this part of the Bill, clause 226A provides that a document will be so prescribed, unless the Registrar requires the document to be held confidentially. This amendment will have the effect of bringing access to IP Australia's trade mark files in line with the existing regime for patents and designs. The Bill does not set out the procedures or grounds on which the Registrar will arrive at a decision as to whether a document is prescribed, and we understand from previous notices released by IP Australia that this area is under review and that amendments to the *Trade Marks Regulations* will clarify these issues.

Other proposed trade mark amendments in brief

Other trade mark amendments proposed under the Bill include those relating to:

- changes to rules concerning Certification Trade Marks (amendment to sections 173, 174, 175, 176, 177, 178, 179 of the Act); and
- specifically defining when the Trade Marks Office or a sub-office is open for business for the purpose of the doing of certain acts (insertion of s223A).

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