

Hon Christopher Pyne MP

Minister for Industry, Innovation and Science
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Alder IP Ref: AIP00239

Your Ref:

16 December 2015

Re – Strengthening Intellectual Property and Innovation in Australia

Dear Minister Pyne,

We are writing to propose some possible ways to encourage commercialisation of inventions in Australia. We applaud the current Australian Federal Government on its recent attempts to improve the innovation environment for start-up businesses in Australia and we believe that further improvements may be made in the field of intellectual property to further assist startup businesses in Australia.

Alder IP has significant experience in relation to licensing, commercialising and managing intellectual property from a legal and commercial standpoint and we believe that the introduction of the following changes will boost intellectual property for startups in Australia.

Recommendation A –Effective Patent or IP Enforcement

In Australia, many small inventors or small businesses who develop or invent new technology lack the financial resources to enforce their rights against larger more established foreign businesses. Australian intellectual property disputes are mainly resolved by court action in the Federal Court System. To resolve a legal dispute relating to patent or trade mark infringement in Australia is Australian Federal Court. Federal Court proceedings are exceedingly expensive to initiate and run (e.g. Trade Mark Matter are usually in the vicinity of \$50-100K and patent matter are usually in the vicinity of \$500-1000K). Also complainants in these cases often are only able to claim 50-90% of their actual legal spend from the other side (even if successful).

The requirements on the rules of evidence in Federal Court are largely prohibitive to small businesses. Generally, this type of court action requires the use of multiple expert witnesses on both sides of the argument to resolve key facts regarding definitions and scope of the IP.

Further, the outcomes of Federal Court are generally uncertain in Patent Cases and this is mainly because the judges hearing the cases often lack sufficient scientific background to properly understand the case and often rely entirely on the aforementioned expert evidence submissions.

The combined outcome of these features of the Australian litigation landscape is that small companies, businesses and inventors often fail to protect their own technology. It is often stolen or illegally used by third parties without license. The small businesses often lack the financial capability to initiate legal proceedings against third party infringers and in effect technology is freely stolen with no enforcement capacity.

Australia needs a new system that will allow for a low cost alternative for arbitrating IP disputes outside of the formal constraints of the Federal Court. Specifically, this low cost alternative could provide assistance to small businesses and inventors who are seeking to enforce their IP rights.

Potentially, this low cost arbitration system may be based around a hearing or ex parte system wherein qualified arbitrators with backgrounds in science and patent law could arbitrate in relatively low value patent infringement cases (e.g. <\$100K) and the system could offer limited remedies including limited damages and injunctions. It would be preferable as a goal of the system to reduce the evidentiary burden by allowing the system to assess the case on paper submission without the need for expert witness cross examination.

Additionally, the system could work on similar time frames as IP opposition matters which are currently managed by IP Australia.

Recommendation B – Illegal Patent and Trade Mark Operators/Agents

Another large significant problem facing small business owners seeking to protect intellectual property is the vast number of unqualified and unregistered operators calling or falsely labelling themselves as trade mark attorneys or patent attorneys in Australia.

We are regularly approached by clients who have fallen prey to these unregistered or unqualified operators in the field acting as trade mark attorneys or patent attorneys in Australia.

One specific case involved a local client engaging an alleged Patent Attorney based in India (via elance.com) to file in Australia. The client paid the Patent Attorney (about \$2000) and the attorney allegedly filed a provisional patent application for the client. The client approached us 10-12 months after the alleged filing date to draft and negotiate an IP license with a third party. We discovered that the provisional patent application was never filed and all documentation supplied to the client was fake including fake lodgement certificates and letters from IP Australia. The alleged patent attorney had disappeared from elance.com and no action against the illegal operator was taken.

Another client paid money to an alleged Trade Mark Attorney operating in Melbourne. The trade mark was never filed and the client contacted us to initiate legal proceedings against a third party infringing their trade mark and we were prohibited from action because no trade mark application was originally filed.

Australia is effectively tolerating these pirate operators. The Patents Act does carry specific penalties for falsely representing yourself as a patent attorney. However, this provision is not enforced by anyone in Australia and even if it was the penalty is only \$5000 which will not deter pirate operators. Trade Marks and Designs have no similar provision to prevent these kinds of false representations.

IP Australia has denied any responsibility for investigating or prosecuting these matters. The Professional Standards Board of Patent and Trade Mark Attorneys (PSB) has also denied any responsibility and referred us to IP Australia stating that they only take action in respect of registered attorneys.

The Institute of Patent Attorneys (IPTA) also stated denied any responsibility to act action and referred us to the PSB. IPTA also stated that they only have the capacity to act against members.

We propose that, rather than attempting to litigate all of the unqualified attorneys, the trade mark and patent regulations should be amended to only allow correspondence to be entered with IP Australia, if is submitted by either the actual IP owner or a properly registered attorney. We note that the European and US Patent Offices, both restrict received correspondence to only the actual IP owner or a registered local attorney. In this jurisdictions, patent attorneys are licensed and numbered and their unique patent attorney number must be cited on all correspondence before the USPTO.

This simple change to the regulations and will significantly reduce the amount of pirate operators backdooring the current systems.

Conclusion

We hope that the above submissions are helpful to you when considering revisions to intellectual property in Australia.

If you would like to meet with us to discuss these matters, please do not hesitate to contact us to arrange a meeting.

About Alder IP

Alder IP is a specialised law firm focused on helping and assisting startup technology companies in Australia and in the global market. We are experts in the fields of patenting and intellectual property protection. We are qualified to act as patent attorneys, trade mark attorneys and solicitors.

I am the founder of Alder IP and I have over 15 years of experience in respect of commercialisation. I previously worked as global legal counsel and/or global patent counsel for the following Australian companies: ResMed, Cochlear, CathRx and Ventracor. Alder IP was featured in the Top 1000 IP Laws Book published by IAM in 2014. Also, Alder IP is the proud winner of a Client Choice Award 2015 for the best patent firm in Australia as voted by our clients and reported by Lexology.

A majority of our clients are Australian based Innovative Companies and businesses that need assistance protecting and managing their intellectual property portfolio. To this end, we are uniquely positioned to understand some of the biggest issues and problems associated with intellectual property protection in Australia. We hope that this submission we aid you in policy development in the future.

Yours faithfully
Alder IP Pty Ltd

Anthony Alder

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Cc: **Hon Wyatt Roy MP**
Assistant Minister for Innovation