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Editorial

Although many intellectual property (IP) disputes can be resolved without resort to court proceedings, in some circumstances an infringement suit is the right option. However, as the cases discussed in this edition of *Inspire* illustrate, there are important decisions to be made before commencing action.

Infringement allegations will usually be first raised in a letter of demand or cease and desist letter. As Karen Spark notes in the context of the decision in *Australian Mud Company v Coretell*, such a letter constitutes a threat of infringement proceedings which may enliven the unjustified threats provisions of the Patent Act. A person who makes an unjustified threat may ultimately be liable for any damage caused, provided the threatened party can show a sufficient link between the threat and their loss. Another consideration prior to issuing for patent infringement is whether the claims of the patent should be amended which is exemplified in Neil Ireland's analysis of the *Bayer v Generic Health* decision.

A range of interlocutory applications are also available to a party looking to commence proceedings for IP infringement. Where a party is unsure whether the conduct of a third party is an infringement of its rights, a preliminary discovery application may assist with its decision. As Malcolm Bell discusses in relation to *Pfizer v Samsung Bioepis*, to succeed with such an application, there must be a reasonable belief that infringing conduct is taking place, not merely speculation as to the possibility. In some situations, the case in favour of infringement may be strong enough to warrant an interlocutory injunction application. The patentee in *Dintel Construction v AFS Systems* was described as a 'one trick pony' with its business largely dependent on the sale of a single product offering. Ken Bolton examines the significance of this factor in establishing that damages would be an insufficient remedy for the patentee, such that the grant of an interlocutory injunction was appropriate.

Also in this edition, Michelle Betschart looks at the challenges of proving infringement of shape trade marks, Magda Bramante considers how copyright can be infringed by the reproduction of software source code, and we welcome back Partner, Alyssa Telfer (née Grabb), and a new Senior Associate, Emma Mitchell.



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POF welcomes a new Senior Associate, Emma Mitchell

Phillips Ormonde Fitzpatrick is pleased to announce that a new Senior Associate has joined the firm – welcome Emma! Emma recently joined our Melbourne office as a senior associate in the Phillips Ormonde Fitzpatrick Lawyers (POFL) group.



Emma is a senior IP and commercial lawyer and has a significant understanding of both contentious and non-contentious IP matters. She provides advice on commercialisation, protection, maintenance, and enforcement of IP and has substantial experience in preparing licensing and sponsorship agreements for a number of high profile clients. Emma also has particular expertise in negotiation and advocacy.

With over 15 years' experience within the IP space, Emma is a valuable asset to our Commercial and Litigation teams.

Emma says, 'I am thrilled to work with the experts at POF, and join innovative clients on their journey to turn ideas and discoveries into reality.'

In her spare time, Emma enjoys travelling to new places, spending time with her young family, and making her way through the Netflix back catalogue.

POF welcomes back Partner, Alyssa Telfer (née Grabb)

Phillips Ormonde Fitzpatrick is delighted to welcome back Partner, Alyssa Telfer (née Grabb). Alyssa has recently returned from parental leave and resumes her roles in our Electronics, Physics and Information Technology (EPIT) and Trade Mark departments as well as in the Medical Technology team.



Alyssa says, 'After dedicating some time to my new family, I am excited to be back on board with my POF family. Not only am I returning refreshed, but also rebranded and ready to re-connect with clients.'

Lessons from Clipsal's trade mark battle for the cancellation of CLIPSO

In *Clipsal Australia Pty Ltd v Clipso Electrical Pty Ltd (No 3)* [2017] FCA 60, the Applicant, Clipsal, successfully brought action against Clipso Electrical Pty Ltd for the cancellation of its CLIPSO trade mark registration. Whilst it also succeeded in one of its two trade mark infringement claims and related causes of action, it failed to show infringement of its shape trade mark registration.

The CLIPSAL trade mark registration for electrical goods in Class 9 had been registered since 1989, with use dating back to the 1920s. In 2008, the Respondent applied to register the trade mark CLIPSO for electrical goods in Class 9. The Respondent's application was accepted without the earlier CLIPSAL registration being raised as a prior conflicting mark and in the absence of opposition, proceeded to registration.

Clipsal brought action against the Respondent for cancellation of the CLIPSO registration as well as for trade mark infringement, breaches of the Australian Consumer Law and passing off. The court found each of the three grounds upon which the cancellation action had been brought, were made out. Not only was CLIPSO considered deceptively similar to CLIPSAL, the CLIPSO application was held to have been made in bad faith. In this regard, the court gave significant consideration to the facts leading to the Respondent's adoption of the trade mark, many of which were inconsistent and led the court to determine that the Respondent simply lied.

Clipsal's trade mark infringement claims were based on the CLIPSAL registrations and also a 'Dolly Switch' shape trade mark. Infringement was established with respect to the CLIPSAL trade mark with the defence under section 122(1)(a) of the *Trade Marks Act 1995* unavailable to the Respondent because they had not acted in good faith. However, Clipsal's infringement case based on the shape registration was unsuccessful because the court found that the Respondent's use of the shape was not trade mark use. Clipsal's proposition that its Dolly Switch shape functioned as a badge of origin with a significant reputation was rejected.

In addressing Clipsal's remaining claims, the court gave particular consideration to the evidence regarding the market and the relevant customers for the parties' goods and ultimately found that ordinary and reasonable consumers (not electrical contractors) would have been misled by the Respondent's conduct.

Key practical points for trade mark owners

- > Consider having watches in place, particularly for significant house marks. If Clipsal had been alerted to the acceptance of the CLIPSO mark as a result of a watch service, it could have opposed the application prior to registration.
- > Shape trade mark registrations can be difficult to enforce. Using shape trade marks with other distinctive trade marks can dilute the perception of use of the shape 'as a trade mark' and diminish any 'trade mark' reputation in the shape itself.
- > The existence of a registered trade mark is not a defence to breaches of the Australian Consumer Law or an allegation of passing off. Trade mark owners should undertake common law searching, and their own market research, prior to adopting and using new trade marks in Australia.



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Copying source code: reproducing even a small portion of source code can constitute copyright infringement.

In the case of *IPC Global Pty Ltd v Pavetest Pty Ltd (No 3)* [2017] FCA 82, the Federal Court was given the difficult task of determining what was a 'substantial part' of the source code of a piece of software for the purposes of constituting copyright infringement.

The case concerned allegations of copyright infringement and breaches of confidence relating to IPC Global's software, where Pavetest used a small proportion of IPC Global's source code in developing its own software. The decision is important as it found that reproducing even a small portion of source code can constitute copyright infringement.

IPC Global makes equipment for testing materials such as asphalt and other construction supplies. In mid 2012, two employees of IPC Global resigned. The employees subsequently established the company, Pavetest, which launched a range of testing equipment to compete with IPC Global.

At the time the employees resigned, one had copies of IPC Global's software. The employee copied the software onto another computer and provided it to a programmer engaged by Pavetest to write Pavetest's own software. The programmer referred to IPC Global's software in writing a first version of Pavetest's software.

IPC Global issued proceedings against Pavetest and the two employees alleging Pavetest infringed copyright in the software, and that the employees authorised the infringement. They also claimed that the employees breached duties of confidence towards IPC Global relating to the software.

A requirement of copyright infringement is that there needs to be reproduction of a 'substantial part' of the copyright work by the infringer. Therefore, IPC Global had to show that Pavetest reproduced a 'substantial part' of IPC Global's software.

IPC Global's software comprised about 250,000 lines of source code, which included about 40 different test modules. There was a significant amount of duplication of code across the modules. Only about 800 lines of this source code was shown to be identical or similar to Pavetest's first version of source code.

The Federal Court found:

(a) Pavetest infringed IPC Global's copyright in the software by the act of the former employee

copying the software onto the computer provided to the programmer. The former employees were also found to be liable as they authorised this infringement by Pavetest.

(b) Pavetest infringed IPC Global's copyright in the software by the creation of the first version of software, and the former employees authorised this infringement. The court was of the view that the first version reproduced a substantial part of IPC Global's software, for the following reasons:

- There was originality in the expression of the sequences of IPC Global's source code.
- Although the quantum of source code used by Pavetest is small relative to the total size of IPC Global's software, the cases make clear that the emphasis is on a qualitative rather than quantitative assessment.
- The parts of the software that were copied constituted a functionally significant part of the software, as they related to the interface or communication between the software and firmware.

(c) The two employees breached duties of confidence towards IPC Global relating to the software. The software was found to be confidential, and the employees misused the information by disclosing it to the programmer.

The case highlights that copyright infringement can be made out where only a small proportion of source code is taken from a piece of software, where that source code constitutes a functionally significant part of the software.



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Unjustified threats of infringement proceedings: the potential for costly mistakes.

Allegations of infringement of Australian patent, design or trade mark rights may be deemed unjustified, and the person making such a threat may be liable for any damages sustained by the alleged infringer. Section 128 of the *Patents Act 1990* provides that where a person threatens infringement proceedings, a person aggrieved by that threat may seek recovery of any damages sustained *as a result of the threats*.

Where threats of patent infringement proceedings are made and a court later determines that the patent was invalid *or* that there was no infringement, such allegations will likely be deemed unjustifiable. However, as the Federal Court's decision in *Australian Mud Company Pty Ltd v Coretell Pty Ltd* [2017] FCAFC 44 illustrates, damages will only be available if there is a sufficient causal connection between the threats and the claimed economic loss.

The facts

In 2006, Australian Mud Company Pty Ltd (AMC) wrote to Mincest Holdings Pty Ltd (Mincest) alleging infringement of AMC's innovation patent relating to core sample orientation tools. Coretell Pty Ltd (Coretell) responded by advising that Mincest held no interest in the tools, the interest belonging to Coretell alone. Coretell denied infringement and also questioned the validity of AMC's patent.

AMC commenced infringement proceedings against Mincest and Coretell in July 2007. The trial judge found that the respondents had not infringed AMC's patent and that the threats made against Mincest were unjustifiable. AMC had conceded during trial that if the respondents were successful in their infringement defence or cross claim for invalidity, then the unjustified threats action would be made out. Having found the threats unjustifiable, the primary judge ordered an enquiry on the issue of damages. Following further disputes between the parties, the damages application was heard and Mincest

was awarded \$1,506,859 as compensation for the unjustifiable threats.

AMC appealed the damages decision, principally on the lack of a causal connection between the threats made and the damage said to have been sustained. The Full Court confirmed that the damages available are those strictly proven to be sustained by a person as a result of the threats made. This must be distinguished from damage resulting from other causes including the proceedings themselves. As the court noted:

'... in every case where a threat of infringement proceedings is followed by the commencement of infringement proceedings ... there will need to be a close focus on the question whether the causal relationship between the threats and the damage is made good.'

Ultimately AMC escaped an adverse damages finding because the necessary causal connection was not proved.

Warnings

Provisions concerning unjustified threats appear in each of the Australian patents, designs and trade marks Acts. Where infringement is not found or where rights are found invalid, any counter claim for unjustified threats will typically be made out.

Threats of infringement proceedings relating to an uncertified innovation patent or uncertified registered design are *automatically* deemed unjustifiable and should not be made until after a Certificate of Examination has been issued by IP Australia.

A person in receipt of a threat of proceedings should carefully document the actions taken in response to the threat and any resulting economic loss, so that the relevant causal connection can be established should the threat be found unjustified.



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To amend or not, that is the 25 million dollar question: evidence of ‘good faith’ falls primarily on patentee.

In patent litigation, it is common practice to either amend the patent in anticipation of the commencement of proceedings or during the course of the litigation itself in order to bolster the patentee’s chance of success. Whilst this practice is widely followed, the decision in *Bayer Pharma Aktiengesellschaft v Generic Health Pty Ltd* [2017] FCA 250 demonstrates that this course of action carries risks regarding the date from which damages can be claimed.

History of the case

In February 2012, Bayer launched proceedings against Generic Health for infringement of a patent and also applied for an amendment of the patent. On 14 December 2012, Yates J allowed the amendment. Bayer was successful in the infringement proceedings which found that Generic Health had infringed claims 3 and 11 of the patent in suit and awarded Bayer damages of \$25,751,336, plus interest.

Whilst the decisions in the case had all favoured the patentee, the amendment had opened the door for a further challenge by Generic Health at least in respect of the date from which damages were payable and hence the amount of damages to be paid.

In challenging the damages assessment, Generic Health referred to section 115(1)(a) which states:

- (1) Where a complete specification is amended after becoming open to public inspection, damages shall not be awarded, and an order shall not be made for an account of profits, in respect of any infringement of the patent before the date of the decision or order allowing or directing the amendment:
 - (a) unless the court is satisfied that the specification without the amendment was framed in good faith and with reasonable skill and knowledge.

In attempting to reduce the damages claim, Generic Health argued that Bayer had not satisfied the court that its original specification was framed in good faith and with reasonable skill and knowledge as required by the act, and therefore was not entitled to any damages before 14 December 2012 (the date on which the patent amendment was allowed).

The nature of the amendments

The amendments to the claims of the patent were to include three limitations:

- (a) limit the dosage of drospirenone to 3 mg (**the 3 mg feature**);

- (b) confine the composition or preparation to a tablet form (**the tablet feature**); and
- (c) specify that the stated dissolution test is performed in 900 ml of water (**the 900 ml feature**).

By way of example the amendments to claim 3 are shown below:

3. A pharmaceutical composition in oral dosage form comprising:
3 mg drospirenone and 0.01 mg to 0.05 mg of ethinylestradiol, together with one or more pharmaceutically acceptable carriers or excipients, *wherein the oral dosage form is a tablet, and wherein at least 70% of said drospirenone is dissolved from said composition within 30 minutes, as determined by USP XXIII Paddle Method II using 900 ml of water at 37°C as the dissolution media and 50 rpm as the stirring rate.*

Assessment of the issue

In assessing whether the specification before amendment had been framed in good faith and with reasonable skill and knowledge, the court was of the opinion that the onus is on the patentee to demonstrate this when challenged. In coming to this conclusion, the court specifically rejected Bayer’s submission that as a principle of general application, good faith and reasonable skill and knowledge ‘is to be assumed in the patentee’s favour in the absence of internal or external evidence to the contrary’.

In considering the situation, the court adopted a number of general principles put forward by Generic Health regarding what constituted the good faith and reasonable skill and knowledge requirements as follows:

Good faith

In relation to good faith, the court was of the opinion that:

- (a) In order to establish the good faith requirement, the plaintiff must prove that the specification

- was framed honestly with a view to obtaining a monopoly to which, on the material known to him or her, he or she believed he or she was entitled.
- (b) The inclusion of something known by the framers of the patent specification to be detrimental to it may be evidence of a lack of good faith.
 - (c) The patentee has to establish that in the original specification it 'meant and intended to claim that which [it] had invented and no more'.

Reasonable skill and knowledge

In relation to reasonable skill and knowledge the court stated:

- (a) The words 'reasonable skill and knowledge' require the specification as framed to be in the form in which a person, with reasonable skill in drafting patent specifications and a knowledge of the relevant law and practice, would produce given the patentee's knowledge of the invention.
- (b) Where the draftsman was not properly instructed, the 'patentee cannot be in a better position than the patentee who properly instructs the draftsman'.
- (c) Any mistake must be considered in the context of the whole specification, making allowance for any difficulty the drafter had and the importance of the passage containing the mistake.
- (d) The relevant knowledge must encompass the knowledge of the person that formed the basis of the information in the specification. Thus, where a specification contained an obvious mistake due to work done by a contractor, however skilled, the patentee had to shoulder the burden of establishing that the specification was framed with reasonable skill and knowledge.

Application to the present case

Much of the argument regarding good faith and skill and knowledge was based around the amendment to limit the amount of drosiprenone from the previously claimed range of 2 to 4 mg to the amended 3 mg.

In particular, submissions were put forward by Generic Health that the evidence did not demonstrate that Bayer had tested any dosages higher than 3 mg for the purpose of formulating the patent specification. There was no evidence that the framers of the patent specification had been advised by Bayer (either directly or indirectly) that the therapeutically effective range was 2 to 4 mg or that the relevant Bayer personnel had formed a state of mind that there was a reasonable ground to believe that this was the preferred dosage range. In addition, documents identified during discovery suggested not only that there was some doubt whether side effects could be avoided at a dosage of 4 mg and also doubts as to whether dosages of 2 mg would be clinically effective.

In order to overcome these allegations by Generic Health, Bayer was required to submit significant expert testimony from Bayer employees who were familiar with the process leading to the drafting of the original patent specification, as well as expert evidence from external third party experts. Indeed the principal declarant in the case was required to provide expert testimony in relation to events that occurred sixteen years ago!

The evidence lead by Bayer was sufficient to satisfy the court that the specification was framed in good faith and with reasonable skill and knowledge. Nevertheless, the case demonstrates the potential mischief that can occur in cases of this type where a significant burden can be placed on a patentee to discharge their onus.

Perhaps in order to forestall this becoming the norm, the judge agreed with the patentee that 'a party putting good faith in issue ought to be made to particularise its contentions so that the patentee is protected from any suggestion that it should in evidence first raise up and then exorcise the ghost of every possible defect in the unamended claims'.

Key learnings

Once the claims of a patent specification are amended after publication, it opens the door for any infringer to challenge the date from which damages are payable under the provisions of section 115. As this case demonstrates, there is a significant evidentiary burden on a patentee to show that the specification was framed in good faith and with reasonable skill and knowledge. In meeting this burden, the patentee may have to expend significant resources in both executive time and effort, which can be onerous. As such, in considering amendments to a patent specification in contemplation of litigation, the patentee should only consider amendments if they are necessary to ensure the validity of the patent claim in question.



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Interlocutory relief for a ‘one trick pony’: clarification around the factors relevant to the court when considering interlocutory injunctions.

In *Dinzel Construction System Pty Limited v AFS Systems Pty Ltd* [2017] FCA 262, the Federal Court granted interlocutory relief to a company with a single product (a so-called ‘one trick pony’) against one of the CSR group of companies. The injunction prevented AFS from marketing or selling its potentially infringing product, pending the outcome of a patent infringement action. The decision highlights the broad range of competing considerations weighed up by the court when assessing requests for injunctive relief.

Interlocutory injunctions

Interlocutory injunctions are court orders enforceable against a party pending the outcome of legal proceedings. In patent infringement actions, a patent owner may request an interlocutory injunction to prevent the manufacture or sale of alleged infringements before the court finally determines the infringement issue. These injunctions are used when the normal damages awarded to a patentee in a successful patent infringement action do not adequately compensate for the ‘harm’ caused by the infringing actions for the duration of the court case.

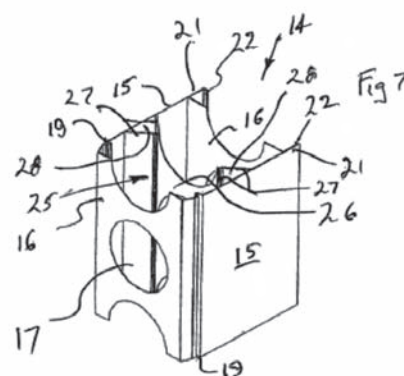
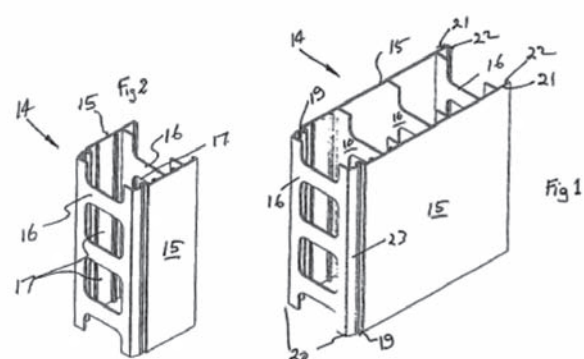
In this case, the court found that Dinzel, with its single product offering, was at risk of harm beyond what would be compensated through the damages available in successful infringement actions. The decision also clarified the factors relevant to the court when considering requests for an interlocutory injunction.

The relevant factors

1. Is there a prima facie infringement case?

Requests for an interlocutory injunction are typically made shortly after the potential infringement has come to light. Hence, there is usually insufficient time to fully prepare the expert evidence and legal submissions needed to properly determine that the patent has been infringed, or whether the patent is invalid. The court recognises this, but must still make a preliminary assessment of the strength of each party’s case. From the evidence available, it is necessary to decide whether a serious question of infringement exists, without making any final conclusions on infringement or invalidity.

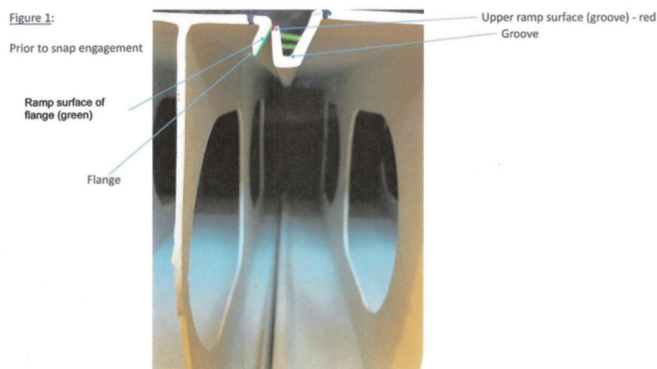
In this case, the patent related to hollow panels that snap-lock together to provide formwork for concrete on construction sites. The hollow panels are snap-locked together in the desired configuration and wet concrete poured into the hollow interior. The invention claimed in the patent was directed to the features of the snap-locking connection between the panels. These snap-lock features are illustrated in Figures 1 and 7 of the patent shown below.



One side of each panel 15 has a pair of spaced flanges 21, each with an inwardly directed lip 22. The opposing side of each panel 15 has a corresponding pair of ramp surfaces 23 leading to a pair of grooves 19. To connect the panels, the ramp surfaces 23 of one panel are forced between the flanges 21 of the other panel. The ramps flex the flanges 21 outwards until the lips 22 resiliently 'snap' into the grooves 19. The patent defined this aspect of the panels as:

'... ramp surfaces that engage the flanges to move the flanges for said snap engagement of the flanges in the grooves.'

Below is an end view of the AFS formwork. Dincel argued that the rounded ends of the outer edges are ramp surfaces that lead to respective grooves. The inwardly directed flanges of the other panel are moved by the ramp surfaces until they snap lock into the grooves.



AFS argued that the ordinary meaning of 'a ramp' is an inclined surface or plane extending from one level or position to another, and therefore the term does not encompass the rounded outer edge of the groove.

Nicholas J gave no indication as to which interpretation of 'ramp surface' was preferred, but simply held that Dincel's interpretation was 'plausible'. As such, the threshold requirement for a prima facie infringement case was met, with Nicholas J finding that 'Dincel's infringement case is certainly not strong, but nor would I describe it as weak'.

2. Would an award of damages fail to compensate Dincel?

Dincel's only product is its snap locking formwork panels (apart from a few associated accessories). Thus, Nicholas J characterised the Dincel business as a 'one trick pony'. AFS had not yet released its new wall panel product but Nicholas J accepted that AFS planned to undercut Dincel's pricing and provide fast and free delivery.

In light of this, the release of the AFS wall panel product would not only result in lost revenue for Dincel, but also cause harm that would be very difficult

to quantify. In particular, Nicholas J referred to Dincel's submissions that they would need to terminate skilled and experienced employees in the face of substantially lower revenue. The detrimental impact of such loss cannot be precisely calculated, and is not normally considered when determining an award of damages. It followed that there was sufficient risk that any award of damages would not properly compensate the harm to Dincel.

3. Any other factors that would tip the 'balance of convenience'?

In contrast to Dincel, AFS is part of the CSR group of companies. It has an established range of products, one of which – 'Rediwall' – is a formwork wall panel that AFS hope to replace with the new wall panel product. The new product is not yet released, so the disruption to AFS in delaying the release is minimal, particularly as the existing Rediwall panel can be offered as a substitute.

Overall, the court found that Dincel had a compelling case for injunctive relief, and the impact of an injunction on AFS was relatively minor. Dincel's request for an interlocutory injunction was granted and AFS restrained from marketing and selling its proposed wall panel pending resolution of the infringement proceedings.

Interlocutory injunctions in patent infringement cases are the exception, not the rule. However, this decision shows the court is willing to consider a broad range of real world issues facing businesses, including those that cannot be monetised but nonetheless flow through to the 'bottom line'. Those contemplating formal patent proceedings should bear in mind interlocutory relief may be an option, and the court weighs up all circumstances, including the non-quantifiable market realities in which a business operates.



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Preliminary discovery to obtain documents from suspected infringer: speculation is not enough.

At times, a rights holder may suspect that its rights are being infringed, but has insufficient information of the infringer's conduct to decide whether to start court proceedings. Preliminary discovery may be available to obtain documents from the suspected infringer to assist in making that decision. However, there must be a reasonable belief of infringement as preliminary discovery will not be available where the infringement is just suspected. This was made clear in the recent Federal Court decision of *Pfizer Ireland Pharmaceuticals v Samsung Bioepis AU Pty Ltd* [2017] FCA 285 (Pfizer v SBA).

Pfizer makes the biological medicine Enbrel. It has been sold in Australia since 2003 and is used to treat various autoimmune diseases. In July 2016, SBA registered two pharmaceutical products with the Australian Register of Therapeutic Goods (ARTG). The products were called Brenzys and contained the same active ingredient found in Enbrel, etanercept. ARTG registration is required for sale of a pharmaceutical on the Australian market.

Pfizer suspected SBA to be infringing three of its patents in manufacturing Brenzys. The patents related to various processes for manufacturing certain classes of biological products, but not to the products themselves.



Pfizer was not able to determine, on the information it had, what processes were used to manufacture Brenzys. It was unsure whether infringing processes were in fact used.

To obtain ARTG registration, Brenzys needed to be 'biosimilar' to Enbrel, which required similarity on a number of criteria. The products did not have to be identical or made by the same processes.

In receiving ARTG registration, SBA provided documents regarding the processes used to manufacture Brenzys to the Therapeutic Goods Administration (TGA). These documents were confidential, and it was these documents Pfizer wanted by preliminary discovery.

In the Federal Court, preliminary discovery is governed by Rule 7.23. It is a requirement of the Rule that the:

'... prospective applicant ... **reasonably believes** that he or she may have the right to obtain relief in the Court from the prospective Respondent whose description has been ascertained.'

Although there are other matters which must be satisfied by Rule 7.23, in this case the question turned to whether **Pfizer reasonably believed** that SBA was infringing one or more of its patents.

Pfizer argued that it had a reasonable basis for believing Brenzys was made using a process within the claims of the Pfizer patents, including:

1. Brenzys had a peculiar level of similarity to Enbrel.
2. Similarity between the products enables the inference that the process used to make each is similar.
3. Process used by Pfizer to make Enbrel fell within the claims of its patents.
4. Process used by SBA to make Brenzys may likewise fall within the Pfizer patents.

The judge said that there were problems with this chain of reasoning.

Pfizer's evidence that its product was made by a process that fell within the claims of its patents was weak. Pfizer did not provide full details of the process used to make Enbrel. Its expert evidence was considered by the judge to be failing to set out the basis for the opinions given, and although admissible, was of little weight.

His Honour held that the fact that Enbrel and Brenzys were similar did not indicate what processes were used to make either product. It therefore did not follow that Enbrel was made by a process that fell within the claims of the Pfizer patents. Pfizer's belief was really no more than speculation, and was not good enough.

Pfizer also argued that SBA did not actually deny in correspondence or in the running of the case that it used the patented processes, and so an inference should be drawn by the court that SBA did in fact infringe under the Jones v Dunkel principle. Although the judge said such inferences could be drawn in a preliminary discovery context, such an inference should not be drawn in this case because the evidence was not sufficient to call for an explanation by SBA. The judge held that SBA was 'entitled to remain passive'.

The judge went on to consider that the other requirements of Rule 7.23 were satisfied.

Even where the various criteria of the Rule are satisfied, the court has discretion whether to order preliminary discovery. His Honour decided he would not exercise his discretion assuming that he was wrong in finding against Pfizer in relation to its 'reasonable belief'. This was primarily because Pfizer did not disclose to the court full details of its own process used in making Brenzys.

“Preliminary discovery may be available to obtain documents from the suspected infringer to assist in making that decision. However, there must be a reasonable belief of infringement as preliminary discovery will not be available where the infringement is just suspected.”



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Infringement of Innovation Patents: a sensible correction to Australian patent law.



The Full Federal Court's decision in *Coretell Pty Ltd v Australian Mud Company Pty Ltd* [2017] FCAFC 54 (Coretell), has finally corrected what many have described as an unexpected 'quirk' of the Australian innovation patent system. That 'quirk' enabled a patentee of an innovation patent to potentially claim damages for infringements occurring well *before* the innovation patent was even filed.

Background

In 2013, Middleton J in *Britax Childcare Pty Ltd v Infa-Secure Pty Ltd (No 3)* [2012] FCA 1019 (Britax) confirmed that the earliest date relief could be obtained for infringement of a standard patent was the date of publication of the application and specification. Middleton J then accepted that an innovation patent, which was filed as a divisional of a standard patent application, held the date of that standard patent application. Relief for infringement of a divisional innovation patent could be obtained as of the 'date of the patent', which is defined as the filing date of the parent patent application. This meant that an innovation patent could actually be infringed well before it was even filed and potentially even before the parent patent application was published.

Correction

When recently examining the question of when relief from infringement was available to the patentee of a divisional innovation patent, the Full Court rejected the earlier decision in Britax. Rather, the Full Court determined that relief for infringement of a divisional innovation patent was only available from the date of grant of the innovation patent. The Full Court adopted the conclusion that relief for an act of infringement must be preceded by grant of a patent and the publication of the related specification and claims. This is regardless of whether the innovation patent is a divisional of any earlier patent.

The Full Court's confirmation that infringement relief can only commence from the date of grant of an innovation patent, whether a divisional or not, is a sensible and welcomed correction to Australian patent law.



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