

Patents and unjustified threats—Legal solutions in Australia

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Abstract

While intellectual property laws protect rights holders from infringement of their intellectual property, these laws also protect against abuse of those rights where rights holders unjustifiably threaten competitors with infringement proceedings. The introduction of additional damages for flagrant unjustified threats under the recent *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Act 2018 (Cth)* may benefit an alleged infringer who is not found to have infringed a valid patent. In particular, new section 128(1A) to the Patents Act 1990 allows additional damages to be awarded against a person for making blatant unjustified threats of infringing a patent. In cases where it is difficult to determine the loss and ordinary damages cannot be awarded, a court could award a nominal amount in compensation, but the difficulty lies in whether, in some cases, damages can be awarded at all. This raises the need to consider other legal avenues to address the issue of unjustified threats relating to patented inventions. In this paper we have identified four such other legal avenues being: specific provisions of the Australian Consumer Law; the misuse of market power provisions in s 46 *Competition and Consumer Act 2010 (Cth)*; the duty of care and diligence in s 180 *Corporations Act 2001 (Cth)*; and the law of joint tortfeasorship. Each of these potential legal solutions will be examined in turn however a comparison of

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remedies, or interactions with the laws of evidence, and exploration of costs are beyond the scope of this analysis. Further while we acknowledge that other Australian legislation provides a cause of action arising from the making of unjustifiable threats, such as in the *Copyright Act 1968*, the *Trade Marks Act 1995*, the *Designs Act 2003* and the *Circuit Layouts Act 1986*, this paper is focused on the *Patents Act 1990* only.

KEYWORDS

Australia, intellectual property, patents, unjustified threats

1 | INTRODUCTION

While intellectual property laws protect rights holders from infringement of their intellectual property, these laws also protect against abuse of those rights where rights holders unjustifiably threaten competitors with infringement proceedings. However, in the recent *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Act 2018* (Cth), Part 8 of the Act has introduced the ability to obtain additional damages for such unjustified threats in the Patents, Trade Marks, Designs and Plant Breeders Rights legislation. The Explanatory Memorandum acknowledges that without the possibility for additional damages in circumstances of flagrant unjustified threats of infringement proceedings, there is little incentive to curb such behaviour.¹

The unjustified threats provisions in the *Patents Act 1990* (Cth) were targeted at the behaviour that occurred in the old English case of *Halsey v Brotherhood*.² Soon after this case, unjustified threats provisions were enacted by the UK Parliament in 1883 to provide a remedy in this situation where the common law did not.³ Such provisions relating to groundless threats of infringement proceedings have been included in Australian patent law since 13 December 1909⁴ and revised from time to time culminating in sections 128–132 found in Chapter 11 Part 3 of the *Patents Act 1990*. However, there are concerns that the legislative provisions are problematic. This means the groundless threats provisions can be exploited, as occurred in *Halsey v Brotherhood*. To prove unjustified threats, the lack of infringement should be proved. There are two recent Australian examples of this. One is the Full Federal Court decision in *Australian Mud Company Pty Ltd v Coretell Pty Ltd*⁵ and the other is *Mizzi Family Holdings Pty Ltd v Morellini*.⁶ These cases exemplified that without evidence of actual causation between the threat of patent infringement and the resulting loss by the potential competitor, no damages would be awarded.

The question arises whether the introduction of additional damages for flagrant unjustified threats under the recent *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Act 2018* (Cth) will provide any benefit to the alleged infringer who is found not to have infringed a valid patent. In particular, new section 128(1A) to the *Patents Act 1990* allows additional damages to be awarded against a person for making blatant unjustified threats of infringing a patent. Noting that 'the power to award additional damages is contingent on damages being awarded in the first instance', the legislator's intention⁷ is to follow the practice established in *Halal Certification Authority Pty Limited v Scadilone Pty Limited*.⁸ That is, in cases where it is difficult to determine the loss and ordinary damages cannot be awarded, a court could award a nominal amount in compensation but the difficulty lies in whether, in some cases, damages can be awarded at all.

This raises the need to consider other legal avenues to address the issue of unjustified threats relating to patented inventions. In this paper we have identified four such other legal avenues being: specific provisions of the *Australian Consumer Law*; the misuse of market power provisions in s 46 *Competition and Consumer Act 2010* (Cth);

the duty of care and diligence in s 180 *Corporations Act 2001* (Cth); and the law of joint tortfeasorship. Each of these potential legal solutions will be examined in turn however a comparison of remedies, or interactions with the laws of evidence, and exploration of costs are beyond the scope of this analysis. Further while we acknowledge that other Australian legislation provides a cause of action arising from the making of unjustifiable threats, such as in the *Copyright Act 1968*, the *Trade Marks Act 1995*, the *Designs Act 2003* and the *Circuit Layouts Act 1986*, this paper is focussed on the *Patents Act 1990* only.

2 | BACKGROUND

In the 'information age', intellectual property is increasingly relevant to a nation's global economic competitiveness.⁹ In 2000, the Intellectual Property Competition Review Committee ('IPCRC') explained the theory behind this statement, according to competition theory.¹⁰ The starting point is the proposition that although patents grant limited monopolies, the patent system increases competition in markets. This is so because patents are intended to foster innovation.¹¹ However, in the recent Commission report on Intellectual Property Arrangements, this outcome was put into question.¹² Innovation increases competition by providing alternatives to established markets.¹³ The patent system is intended to promote innovation by requiring, in exchange for granting limited monopoly rights, the public disclosure of methods of new manufacture.¹⁴ This disclosure allows competitors to access the methods of new manufacture for the purpose of research and development, hence facilitating innovation. The alternative approach would be to keep innovations as trade secrets, which maintains and concentrates market power.¹⁵ According to the IPCRC Report, competition theory also details why the enforceability of patents is important. Patents financially compensate and reward inventors for the possibility of lost profits that arises when others copy a disclosed method of manufacture.¹⁶ This acts as an incentive to develop and disclose new methods of manufacture. Therefore if a patent is unenforceable, the incentive to disclose is lost. In Australia, there have been several law reform reports aimed at improving the enforceability of patents.¹⁷ At a global level, importance of the enforceability of patents is evinced by its status as a factor by which States' intellectual property systems are ranked in Taylor Wessing's Global Intellectual Property Index.¹⁸

In its final report in 2010, the Advisory Council on Intellectual Property (ACIP) identified four ways a patentee can enforce their patent rights: a 'letter of demand' or 'cease and desist letter'; an 'offer to license'; mediation; and litigation.¹⁹ Patent litigation is notoriously expensive, more so than litigation in other areas of intellectual property law,²⁰ and has even been called a 'sport of kings'.²¹ The average cost of patent litigation in Australia has been estimated as at least \$750,000 at first instance,²² which can outweigh the potential profit for small net worth patents.²³ Costs stem from the need for expert witnesses and specialised lawyers, the discovery process, the time necessary to explain technical information to judges,²⁴ and the amount of evidence required in patent litigation, which has been labelled 'legendary'.²⁵ Moreover, a claim for infringement almost invariably results in a counterclaim for revocation.²⁶ Overall, the literature shows that patent enforcement litigation is beyond the reach of many patentees.

Further, trade can be ceased pending litigation, resulting in lost profits.²⁷ This occurred in England in the 1800s and in response, the Parliament enacted the 'unjustified threats' provisions into the *Patents, Designs and Trade Marks Act 1883* (UK).²⁸ These threats provisions were incorporated into the *Patents Act 1903* 1909 (Cth) and remain largely identical today.²⁹ The threats provisions in sections 128–132 of the *Patents Act 1990* (Cth) allow an 'aggrieved person' to bring an action for relief from 'unjustified threats' of infringement or similar proceedings. The relief available includes a declaration of unjustified threats; an injunction preventing the continuation of threats, and the possibility of an award of damages for losses caused by unjustified threats.³⁰ Such relief can be expensive where loss of sales are involved,³¹ and therefore provide a disincentive to make false claims. Recently, commentators have also suggested that the unjustified threats provisions may play a positive role in preventing so called 'patent trolls'.³² This term generally refers to nonpracticing entities that own patents with dubious validity,

and send letters of demand to competitors, seeking one-off payments in exchange for avoiding litigation.³³ The theory is that the unjustified threats provisions prevent such behaviour by attaching consequences to making unfounded threats, reducing the profitability of such behaviour.³⁴ In a recent Australian case, *CQMS Pty Ltd v Bradken Resources Pty Limited*, CQMS accused Bradken of infringing its patents through the supply of specific tools.³⁵ CQMS sent multiple letters to Bradken, its solicitors, and customers, which were perceived as 'unjustified threats' related to patent infringement. Bradken counterclaimed, asserting patent invalidity and claiming that CQMS's correspondence constituted unjustified threats. The court ultimately ruled in favour of Bradken, dismissing CQMS's patent infringement claim and confirmed that any claim of infringement which ultimately appears to be incorrect can be treated as an unjustified threat under the Australian law. In competition theory terms, the threats provisions are designed to prevent falsely claimed monopoly rights from impeding legitimate competition.³⁶

Despite the perceived benefits of the threats provisions, commentary by practitioners and statistics indicate that the threats provisions make patent enforcement more difficult.³⁷ Several recent articles commented on the difficulties that the unjustified threats provisions cause patentees.³⁸ Based on a review of the case law, Allison explains that because virtually any prelitigation communication, including letters of demand and communications made during mediation, can count as an unjustified threat and lead to litigation, the most cautious approach is to proceed straight to court.³⁹ This has been confirmed in the outcome of the case, *CQMS Pty Ltd v Bradken Resources Pty Limited*.⁴⁰ This reduces the capacity of parties to engage in prelitigation negotiations for fear of liability for unjustified threats. This link between the unjustified threats provisions and enforcement difficulties is supported by qualitative research in which one respondent's experience was that 'small players' would be hesitant to write letters of demand to 'goliaths', knowing that the latter would invoke the unjustified threats provisions.⁴¹ Moreover, a survey of inventors found that a significant number believed they had incurred 'substantial economic loss due to infringement', but did not have the resources to send a letter of demand or pursue the matter in courts.⁴² Additionally, the threats provisions increase to the complexity of litigation. Henderson and Coogan⁴³ and Jackson⁴⁴ used case studies to demonstrate the link between costs orders and unjustified threats. This may sound justified, however, the provisions do not differentiate between threats made in good faith or bad faith, leaving genuine patentees with additional risks in enforcement.⁴⁵ Overall, the evidence suggests that the threats provisions may be a problem for the enforceability of patents, and there are advocates for modifying the provisions.⁴⁶

There are three main arguments for modifying the threats provisions: they add to enforcement difficulties for legitimate claims; the encouragement of a court-first approach is inconsistent with the *Civil Dispute Resolution Act 2011 (Cth)* ('CDRA') and a burden on the court system; and that a more balanced approach to addressing the threat of exploitation is possible. The role of the threats provisions in the enforceability of patents was discussed above. The CDRA aims to encourage parties to take 'genuine steps' to resolve a dispute before filing an action in court.⁴⁷ The threats provisions, as explained above, encourage a court-first approach to enforcement. Further, also explained above, hearing times for patent claims are already longer than actions in other IP areas and well beyond the Federal Court targets. Finally, advocates for change suggest that a more balanced approach is possible as features of the civil litigation system discourage patent trolls.⁴⁸ However, the broader legal framework that effects such behaviour has not been analysed holistically.

McCormack⁴⁹ methodically examined the influence of the broader legal framework on the exercise of judicial discretion to grant relief for unjustified threats, identifying a number of areas of law that may influence such a discretion: fraud and inequitable conduct; unlawful or misleading representations; infringement of copyright; breach of a duty of confidence; and the interaction of a number of statutes such as the *Acts Interpretation Act*.⁵⁰ However, the broader interactions of laws beyond their effect on the discretion to grant remedies for threats have not been gathered or analysed. A holistic analysis of the broader legal framework that governs the behaviour targeted by the threats provisions could include, for example, misleading and deceptive conduct under the *Australian Consumer Law*,⁵¹ which could comprise an alternative claim to damages for unjustified threats.⁵² The *Corporations Act* may impose liability on company directors where unjustified threats amount to a breach of directors duties.⁵³ Additionally, a number of international instruments such as treaties and fair trade agreements affect Australia's

patent law. However, the international instruments such as the agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)⁵⁴ do not significantly affect the unjustified threats provisions.⁵⁵ The United Kingdom reviewed and modified their threats provisions in 1977 and 2004 in response to similar complaints about their role in enforceability.⁵⁶ Australian commentators have recently called for modification of the Australian provisions.⁵⁷ However, the possible legal effect of modifying the provisions has not been explored fully. There are no vocal opponents of change, rather the issue has not been considered.

In light of the perceived economic importance of the enforceability of patents, and the possible link between the unjustified threats provisions and difficulties in enforcing legitimate patents, it is appropriate to critically analyse the unjustified threats provisions. This article examines how do the unjustified threats provisions in ss 128–132 of the *Patents Act 1990* (Cth) interact with other laws in relation to the targeted behaviour. By analysing the broader legal framework's interaction with the threats provisions, this article will clarify the range of obligations that apply to the targeted behaviour with the aim of assisting patentees or others involved with patent enforcement claims to better discern their legal position. The paper will clarify the scope for modification of the unjustified threats provisions by showing how other related Australian laws overlap or are lacking in regulating the targeted behaviour.

3 | IDENTIFYING THE TARGETED BEHAVIOUR

This section interrogates the operation of the unjustified threats provisions in the *Patents Act 1990* (Cth) and will consider other areas of law that may interact with these provisions. It should be noted that four other intellectual property statutes contain similar 'threats' provisions.⁵⁸ Some use the wording 'unjustified threats', while others refer to 'groundless threats'.⁵⁹ Nevertheless, there are elements common to all four, and the courts have applied principles developed within one context to interpret the similar provisions in another.⁶⁰ Thus, some cases from other intellectual property areas are included the analysis below.

The unjustified threats provisions in the the *Patents Act 1990* (Cth) are found in ss 128–132 and comprise Chapter 11, Part 3. These threats provisions provide for a chain of events to occur once a threats action is initiated. First, the applicant claims an available form of relief from unjustified threats under s 128. Second, the respondent invokes the s 129 'actual infringement defense', and counter-claims relief for infringement under s 130(1). Finally, the applicant further counter-claims for revocation of respondent's patent under s 130(2). To claim the 'actual infringement defense' under s 129, the sections of the Act as to establishing infringement⁶¹ and the related case law must be considered. Similarly, counter-claims for revocation will need to refer to other parts of the Act.⁶² This discussion focuses on the case law on s 128, relating to the first step in the possible chain of events in a threats claim.

Section 128(1) grants a 'person aggrieved' the ability to claim relief 'where a person, by means of circulars, advertisements or otherwise, threatens a person with infringement proceedings, or other similar proceedings'. Section 131 clarifies that 'mere notification' of the existence of a patent, or an application for a patent' will not constitute 'threats' under s 128. The remedies available under s 128 are a declaration of unjustified threats; an injunction preventing continued threats, and damages incurred due to the threats. The first element of s 128 is that the allegedly unjustified threat was delivered by 'a person, by means of circulars, advertisements, or otherwise'.⁶³ This element deals with the manner in which the alleged threat is communicated. The cases do not appear to restrict the meaning of the phrase. First, a threat does not need to be communicated in writing.⁶⁴ For example, in *Luna Advertising v Burnham & Co*,⁶⁵ the alleged threats were communicated orally during a 'serious discussion between businessmen'.⁶⁶ Second, threats need not be in direct language, and need not be sent directly to the aggrieved party.⁶⁷ For example, a circular in product packaging stating that '[i]nformation of extensive violation of ... patent rights has been received. All parties are warned not to infringe those rights' has been considered a threat.⁶⁸ Finally, threats can be made in letters, trade journals or newspapers, or as a circular in product packaging.⁶⁹ The next element is that the threat is of 'infringement proceedings, or other similar proceedings'.⁷⁰

This element establishes the content and meaning of the message communicated, which entails two enquiries. The first enquiry is whether the language involved constitutes a threat. The court will construe the language of the threat, and what that language would convey to a reasonable person in the circumstances.⁷¹ Virtually any correspondence that goes further than citing a patentee's registration details will satisfy this first enquiry.⁷² The second enquiry is whether the threat is of 'infringement or similar litigation'. This is rarely an issue, though there are some limitations, for example, a claim in equity relating to the ownership of the intellectual property rights was not within the scope of this phrase 'similar litigation' in *University of Western Australia v Gray*.⁷³

The above discussion highlights what are the elements of the targeted behaviour leading to a finding of unjustified threats. These elements include: the identity of the party (trader and patent holder); the identity of the other party (trade competitor); the identity of the notified party (customers or potential customers of the alleged infringer); the behaviour of the first party (bona fide assertion of legal right); the behaviour of the other party (selling allegedly infringing item); the behaviour of the notified party (purchasing allegedly infringing item); the outcome of the behaviour (loss of trade). These important elements are also reflected in other areas of law. In particular, the identified elements, classed differently as to accord with potential areas of law that may apply, includes: conduct in trade or practice; sale of goods; making representations; business entities (which today could include corporations); consumers; competition; business persons (directors, partners, agents). A number of laws may apply in this context. First, the *Australian Consumer Law* regulates conduct in trade or practice and consumer interactions. Second, corporations and the actions of company directors are regulated by the *Corporations Act 2001* (Cth). Third, competition is regulated by the *Competition and Consumer Act 2010* (Cth). Finally, the activities of business persons can be regulated by the accessorial liability provisions in the ACL and under the law of joint tortfeasorship. This section has introduced the threats provisions and identified the features of the behaviour that the current Australian threats provisions in the *Patents Act 1990* (Cth) target. Further, the selected Australian laws that may also regulate the targeted behaviour will be discussed. The nature and extent of these interactions will be discussed in the next section.

4 | INTERACTIONS AND POTENTIAL ALTERNATIVES TO THE THREATS PROVISIONS

4.1 | The Australian Consumer Law (ACL)

This section explores the interactions between each area of law selected in Section 3 and the targeted behaviour. Specifically, the laws identified are discussed along with cases highlighting interactions with the targeted behaviour.

A potential customer or a competitor who is aggrieved by 'unjustified threats' may be able to use the ACL as an alternative to a threats action. The ACL is found in Schedule 2 of the *Competition and Consumer Act 2010* (Cth). There are two potential ACL provisions that may be used to remedy the targeted behaviour: misleading and deceptive conduct and unconscionable conduct. In assessing these possibilities, a number of questions arise. A preliminary question to ask is whether the targeted behaviour occurred in trade or commerce. This preliminary question is common to both provisions, as the ACL only applies in this context,⁷⁴ and hence will be examined first. The potential application of each provision identified above will be analysed in turn.

Section 2 of the ACL defines 'trade or commerce' as any 'business or professional activity', occurring within Australia, or between Australia and other places. After analysing the context in which the targeted behaviour has occurred in Part 2, it appears that such behaviour is likely to occur in the context of 'business or professional activity', in the general sense of the words. However, the question of whether an activity occurs 'in business or professional activity' for the purposes of the ACL in a given case remains a matter for the courts to determine. In *Re Wanem v Tekiela and McKenzie*,⁷⁵ a bar stool manufacturer wrote to their competitor's customers, alleging their liability for infringement of the manufacturer's registered designs if their custom with the competitor was

continued. The manufacturer argued that their behaviour did not occur in 'trade or commerce', however Gummow J disagreed, calling such a conclusion 'adventurous'.⁷⁶ The behaviour in *Re Wanem v Tekiela and McKenzie* is typical targeted behaviour, and consequently threats cases should be able to pass this threshold issue. Therefore, a typical case of allegedly unjustified threats to a business competitor or their customers should fall within the definition of 'trade or commerce', and the ACL should apply.

4.1.1 | Misleading or deceptive conduct

Section 18 of the ACL prohibits 'conduct that is misleading or deceptive, or is likely to mislead or deceive' in trade or commerce. The principles of misleading or deceptive conduct are fairly settled, and there are a number of elements:

- were the representations made;
- in trade or commerce;
- were they misleading or deceptive;
- were they relied upon;
- did the representations cause loss or damage.⁷⁷

The legislative predecessor and equivalent to s 18 ACL, namely s 52 *Trade Practices Act 1974* (Cth) (TPA), applies to the targeted behaviour. Sydney Cellulose⁷⁸ and Ceil Comfort were competitors in the market for installing roofing insulation in residential housing. Both companies had tendered for a contract with the Department of Housing (the potential customer), and officers of Ceil Comfort had conversations with the Department.⁷⁹ During those conversations, Ceil's officers alleged that Sydney Cellulose's products infringed Ceil's patents, and that employing Sydney Cellulose's services would render the Department liable for the infringement.⁸⁰ Further, Ceil's officers alleged that they could obtain an injunction to prevent the Department from proceeding with the transaction.⁸¹ When Sydney Cellulose discovered that Ceil had made such representations to the Department, they instituted proceedings for relief from unjustified threats, and also alleged the behaviour amounted to misleading and deceptive conduct under s 52 *Trade Practices Act 1974* (Cth).⁸²

The Court held that there was no actual infringement of the patents, and hence the representations made during that conversation were unjustified threats.⁸³ This conclusion that there was no infringement was an integral step in establishing the claim for misleading and deceptive conduct. The Court simply stated that because infringement was not established, the evidenced behaviour was 'inherently likely to mislead and deceive industry participants and actual and potential acquirers'⁸⁴ of Sydney Cellulose. This phrase was derived from principles stated in an earlier High Court case on misleading and deceptive conduct.⁸⁵ However, this conclusion was arrived at without a discussion of the elements or principles of misleading and deceptive conduct, and appears to flow from the mere fact that infringement was not established.⁸⁶ Conversely, this reasoning was directly opposed in the *Nine Films* case.⁸⁷

In *Nine Films v Ninox*, a copyright case, Nine Films applied for a declaration of groundless threats against Ninox, and alleged that the threats also constituted misleading and deceptive conduct under s 52 TPA.⁸⁸ The groundless threats claim was successful, yet the misleading and deceptive conduct claim failed. The failure of the misleading and deceptive conduct claim was due to the lack of evidence adduced in support of the claim.⁸⁹ Nine assumed that the claim would be immediately established following a finding of groundless threats.⁹⁰ The court said that 'a claim of threats, without more, would not constitute misleading and deceptive conduct'.⁹¹ This appears to be inconsistent with the rationale in *Sydney Cellulose v Ceil Comfort Home Insulation*, where it appeared that a claim for misleading and deceptive conduct will follow from a finding of unjustified threats. However, the important difference in *Sydney Cellulose v Ceil Comfort Home Insulation* is that Ceil Comfort's officers were making allegations to third parties of infringing conduct on the part of the *Sydney Cellulose v Ceil Comfort Home Insulation* and 'such conduct was

inherently likely to mislead and deceive industry participants and actual and potential acquirers of the Applicants' goods and services'.⁹² In conclusion, though *Sydney Cellulose v Ceil Comfort Home Insulation* is precedent for the targeted behaviour, the rationale relied upon to reach that conclusion was not followed in *Nine Films v Ninox*.

The position as to in which circumstances the conduct will establish both causes of action is clear: there should be allegations of infringing conduct that are made to third parties to establish both causes of action. Whereas, in *Nine Films v Ninox* according to Tamberlin J 'there was no evidence or argument by Nine that anyone had, in fact, been misled by the making of the threats'.⁹³

In *Breezway v Preference Manufacturing*,⁹⁴ patent infringement was alleged to constitute both unjustified threats and misleading and deceptive conduct. However both claims were abandoned, apparently due to the costs implications of joining the misleading and deceptive conduct claim.⁹⁵ Generally in threats cases, the *Federal Court Rules* permit separate proceedings to be held for establishing liability and for quantifying damages.⁹⁶ However, in the case of misleading and deceptive conduct, this is not possible, because liability under s.18 depends on a finding of damages.⁹⁷ The addition of the misleading and deceptive conduct claim in *Breezway v Preference Manufacturing* was estimated by their lawyers to add around \$68,000 to the cost of the proceedings.⁹⁸ Moreover, Reeves J decided that the threats action could not be determined first and separately, because to do so would leave significant issues unresolved—the misleading and deceptive conduct claim.⁹⁹ The effect of costs and time management on the success of claiming misleading and deceptive conduct was also evident in *Uniline v SBriggs*,¹⁰⁰ where there were also joint claims for unjustified threats and misleading and deceptive conduct in relation to the same behaviour, and the misleading and deceptive conduct claim was consensually abandoned after a directions hearing. Accordingly, it appears that costs issues in these circumstances may affect the choice to abandon the claim. However, in *JR Consulting & Drafting v Cummings*,¹⁰¹ the hearings for liability and of quantum of damages appear to have been separate, with the judgement on misleading and deceptive conduct included with the liability assessment for the threats case. This is difficult to reconcile with the decisions in *Breezway v Preference Manufacturing* and *Uniline v SBriggs*, and may indicate the court's power on the issue is discretionary.

In *Nine Films v Ninox*,¹⁰² the director of the infringing company was claimed to be jointly liable for the company's infringement. However, the source of the secondary liability was accessorial liability under s 75B TPA.¹⁰³ The ACL contains two provisions that together are functionally similar to s 75B TPA.¹⁰⁴ Section 236 of the ACL provides that where a person suffers loss due to another's breach of the misleading and deceptive conduct or unconscionable conduct provisions, an action for damages may be commenced.¹⁰⁵ Further, the aggrieved party may recover damages from the person causing the loss or any other person involved in the contravention.¹⁰⁶ Section 2 ACL defines involved to mean 'aid, abet, induce, or be in any way knowingly concerned in or a party to the contravention'. Therefore, in these circumstances, a company that alleges infringement may be able to sue a director for damages where the company lacks the funds to satisfy a judgement.

4.1.2 | Unconscionable conduct

Section 20 of the ACL prohibits 'unconscionable conduct within the meaning of the unwritten law'. According to the unwritten law, unconscionable conduct occurs where a person unconscientiously uses their 'superior bargaining power' to take advantage of another's known special disadvantage.¹⁰⁷ A special disadvantage must at least be one that 'seriously affects the ability of the innocent party to make a judgement as to his [or her] own best interests'.¹⁰⁸ Further, the stronger party (in this instance the patentee) must know or ought to have known of the special disadvantage and of its effect on the disadvantaged party (the alleged infringer).¹⁰⁹ This provision could arguably apply if a party's lack of a patent was considered a 'special disadvantage', and the 'taking advantage' (by the patentee by making unjustified threats) in the circumstances is deemed 'unconscionable'. However, the addition of the requirement of 'unconscientiously takes advantage' allows discretion and thus there is a possibility it could apply. In *JR Consulting & Drafting v Cummings*,¹¹⁰ the conduct amounting to unjustified threats was also claimed to

be unconscionable conduct, however that action failed because on the facts of the case, there was neither unconscionable conduct nor threats.¹¹¹ The plaintiffs claimed the special disadvantage included being contractually bound to use the defendant's patented product as part of their own product offering.¹¹² However the Court held that there was no special disadvantage, due to the following facts:

- the plaintiff had legal representation;
- had the contract drafted themselves;
- the plaintiff was a successful commercial entity in a competitive market;
- the defendant was not a 'sophisticated businessperson' or a large business;
- and that the plaintiff was able to negotiate a proposed new agreement.¹¹³

Consequently, the action failed. However, the case did not rule out the possibility of the provision (s.20 of the ACL) applying to a threats case in different circumstances.

Section 21 of the ACL prohibits unconscionable conduct in connection with goods or services. Section 21 is a statutory formulation of unconscionable conduct that generally mirrors the unwritten law, though is not limited by general law principles.¹¹⁴ Section 22 details the matters the court may have regard to for the purposes of section 21. Those include matters that may apply in a patent context. For example, s 22(1)(a) includes as relevant 'the relative strengths of the bargaining positions of the supplier and customer'. A patentee who is a supplier may have a strong bargaining position due to their alleged patent rights. Further, s 22(1)(d) includes 'undue influence', and 'unfair tactics' as relevant factors, and these may also be satisfied by unjustified threats. The 'amount for which, and the circumstances under which, the customer could have acquired identical goods or services from a person other than the supplier'¹¹⁵ could apply where there are competitors in the market and threats have been made to the customer about purchasing any competitors' goods or services. Also, the 'extent to which the supplier and customer acted in good faith'¹¹⁶ could apply to making knowingly unjustified threats. Section 21 does not appear to have been successfully utilised in a threats case. This provision was claimed as a ground for relief in *JR Consulting & Drafting v Cummings*,¹¹⁷ however the claim failed, because 's 21(5) of the relevant version of the ACL'¹¹⁸ provided that a reference to 'goods or services' in the section is a reference to goods or services 'of a kind ordinarily acquired for personal, domestic or household use or consumption'.¹¹⁹ This issue was not addressed by the parties, and Black J had difficulty placing 'specialist computer software used in the operation of rollforming machines for, inter alia, roofing components' into that category.¹²⁰ Further, s 21(6) excluded from s 21 goods supplied for the purpose of resupply, which was the case in *JR Consulting & Drafting v Cummings*.¹²¹ These limitations are absent from the current ACL.¹²² However, there are some limitations. First, the current s 21 categorically excludes publicly listed companies from being able to rely on the provision.¹²³ Second, s 2 provides limitations as to what may constitute 'goods' or 'services' for the ACL. This would need to be considered in relation to a claim.

4.2 | The Competition and Consumer Act 2010 (Cth) ('CCA')

Another potential alternative to the threats provisions for regulating the targeted behaviour is the misuse of market power provisions in the CCA. This alternative, however, would only apply where the entity that made the threat was a corporation, as the misuse of market power provisions apply to corporations only.¹²⁴ Thus, alternative business forms would escape liability. Further, 'corporation' for the purposes of the CCA is limited to foreign or domestic trading or financial corporations formed within Australia and their holding companies.¹²⁵ Therefore, in any case, this preliminary issue would need to be considered. There do not appear to have been any cases that have pleaded misuse of market power as an alternative or concurrently with the unjustified threats provisions. However, the wording of the section indicates a possibility that it could be applied as such. To demonstrate how the section could apply, the provision will be outlined and the case law on each element will be detailed as far as would be relevant to

the targeted behaviour. It should be noted that the intellectual property exceptions found in s.51(3) of the CCA do not extend to the operation of s.46, 46a or 48 of the CCA.

Section 46 of the CCA prohibits corporations with a 'substantial degree of market power' from taking advantage of that power in specific circumstances. This provision can be divided into four elements:

- a corporation as defined by s 4;
- with a substantial degree of market power;
- used for a proscribed purpose;
- that constitutes taking advantage of the power.

4.2.1 | Defining corporations

The first matter to be established is that the allegedly offending party is a 'corporation' for the purposes of s 46. The interpretation section of the Act provides that for the purposes of the Act, 'corporation' means a trading, financial, or foreign corporation or the holding company of such corporations.¹²⁶

4.2.2 | The market power

The next requirement is establishing that the corporation has a substantial degree of market power. Establishing this element entails a two-step enquiry.¹²⁷ First, the market power in the relevant market must be established. Second, the court will assess whether the market power held is 'a substantial degree'. 'Market power' means having the 'capacity to behave in a certain way ... persistently, free from the constraints of competition'.¹²⁸ The legislation specifies that the relevant factors that a court may have regard to include the number and size of competitors in the market¹²⁹; the combined market power of related bodies corporate¹³⁰; and the extent to which the conduct of a body corporate is constrained by the conduct of competitors or potential competitors in the market or suppliers or customers in the market.¹³¹ Further, courts have identified additional factors to determine whether a corporation has a substantial degree of market power that could reasonably exist in a threats case. For example, the ability to raise prices without losing customers in the long term¹³²; the ability to sustain low prices for a long term¹³³; market share, including vertical integration in a market; whether competitors can enter the market easily ('barriers to entry')¹³⁴; and financial strength.¹³⁵ The matter is determined on a case by case basis.¹³⁶

One pertinent question that has been raised is whether intellectual property rights can be a source or the sole source of the market power for the purpose of s 46.¹³⁷ There are two potential barriers to an affirmative answer to this issue. First, merely taking advantage of a legal right is a factor that weighs against whether a company has market power.¹³⁸ The status of intellectual property laws as legal rights for the purpose of s 46 was tested in *NT Power Generation Pty Ltd v Power and Water Authority*.¹³⁹ In that case, the High Court confirmed that 'intellectual property rights are often a very clear source of market power'.¹⁴⁰ This exception then does not appear to exclude intellectual property rights cases from the application of s 46. Second, it has been held that the words 'market power' in s 46 indicate that it does not apply when exercising a statutory right.¹⁴¹ However, deciding whether there has been an exercise of a statutory right or of market power is not straightforward.¹⁴² Statutory rights have included the right to discharge a regulatory function conferred by statute on a statutory authority.¹⁴³ This exception has not been used to exclude intellectual property rights from constituting 'market power' for s 46. Thus it appears that it is possible that the corporations that engage in the targeted behaviour may be regulated by the section, though it is not clear in what circumstances.

4.2.3 | Proscribed purpose

Third, for s 46 to apply, the plaintiff must show that the exercise of market power was for a proscribed purpose. Those purposes include 'eliminating or substantially damaging' a competitor; preventing the entry of a person into the market; or deterring competitive conduct in that market.¹⁴⁴ There is no established case law in this area. This element does not appear to be difficult to establish in a threats case. The market power gained by having patent rights can prevent the entry of another person into the relevant market.

4.2.4 | Taken advantage

The final element to establish is that market power was 'taken advantage of'.¹⁴⁵ This element entails some intricacies. For example, the High Court has distinguished between 'taking advantage' and 'merely protecting' a thing.¹⁴⁶ The cases seem to detail what is not 'taking advantage', while leaving what does constitute 'taking advantage' undefined.

4.3 | The Corporations Act 2001 (Cth)(Corporations Act)

The targeted behaviour may be indirectly affected by the *Corporations Act*, where the unjustified threat is made by the director of a corporation, as defined by the Act. A significant restraint on the use of this provision is the limitations on standing, which mean that an action for a breach of directors' duties is only available to the company, or its members with leave of the court.¹⁴⁷ Section 180 of the *Corporations Act* provides that a director must exercise his or her powers and duties to the standard of care and diligence that would be exercised by a reasonable person who held a similar position in similar circumstances. Therefore, a company director who does not disclose a threat of litigation may be liable to the company for any loss occasioned.

Directors can invoke the 'business judgement rule' as a defence to section 180, where the judgement was made in good faith and for a proper purpose; there is no material personal interest in the subject matter of the judgement; they are informed to the extent reasonably believed to be appropriate; and they rationally believe the judgement is in the best interests of the corporation.¹⁴⁸ The onus of proof is on the director invoking the defense but there are few cases supporting this point. The business judgement rule may strike a workable balance for liability, because the 'good faith' and 'reasonably informed' components may protect prudent and good faith business decisions, while imparting liability and perhaps disincentivising reckless or bad faith threats.

4.4 | Joint tortfeasorship

The common law of joint tortfeasorship has been used to attach third party liability where damage is caused by tortious behaviour by two or more people in 'common action'.¹⁴⁹ In particular, the law of joint tortfeasorship imposes secondary liability on directors who are involved in the targeted behaviour.

Statutory torts are also governed by the law of joint tortfeasorship. The law of joint tortfeasorship has not been applied in relation to behaviour that constitutes 'unjustified threats'. However, if infringement of copyright or design rights amount to a statutory tort for the purposes of the law of joint tortfeasorship, it is possible that making of unjustified threats could amount to a statutory tort that is governed by the law of joint tortfeasorship. In favour of this proposition, both copyright and design infringement are breaches of provisions of intellectual property statutes, as are the threats provisions in the *Patent Act*.¹⁵⁰ However, on the other hand, infringement involves a

breach of rights conferred by the statutes, whereas threats do not involve a breach of rights, but merely give rise to remedies where the threats are unjustified.

The common law test for joint tortfeasorship is whether 'two persons ... agree on common action, in the course of, and to further which, one of them commits a tort'¹⁵¹; or where their 'respective shares in the commission of the tort are done in furtherance of a common design'¹⁵² so that the persons 'aid or counsel, direct or join' in commission of the tort.¹⁵³ The 'common design' to commit the tort is an important element and must not be overlooked. In relation to company directors, there are two tests for whether there is a 'common design' from two lines of cases: the 'direct or procure' test, where the director is found to direct or procure the company's infringement¹⁵⁴; and the 'Mentmore' test, where the director had engaged in the 'deliberate, willful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it.'¹⁵⁵ Although the correct line of cases has not been identified, it has been noted that in practice, generally a case that satisfies one test will also satisfy the other.¹⁵⁶ The common design does not need to be explicit, but must amount to a 'tacit agreement'.¹⁵⁷ In both *LED Technologies Pty Ltd v Elecspeess*¹⁵⁸ and *Inverness Medical Switzerland GmbH v MDS Diagnostics*,¹⁵⁹ the director and the company were held liable as joint tortfeasors for the design and patent infringement of the companies.¹⁶⁰ Comparatively, in *Australian Mud Company v Coretell*,¹⁶¹ two companies were held not to be joint tortfeasors, but to both be severally liable for infringement. Australian Mud alleged that the two respondent companies had a common design because they had the 'same controller directing their day to day business activities', who was the sole director of both companies; and their businesses are conducted on the same premises¹⁶²; that the companies did not differentiate themselves when dealing with customers; and the companies had the same officers and employees dealing with clients of the companies.¹⁶³ The defendant, Coretell, successfully argued that the 'mere fact that ... two companies have a common director is not sufficient to make them joint tortfeasors in respect of patent infringement'.¹⁶⁴ The court found there to be a lack of common design and thus no joint tortfeasorship.

This section of the paper has documented the interactions between the targeted behaviour and the broader legal framework. The next section will analyse in turn the potential utility of each area of law discussed.

5 | ANALYSIS

This article has reviewed the impact of the unjustified threats provisions in the Patents Act 1990 and certain alternative avenues to address unjustified threats in patent infringement matters. The reason for considering alternative legal avenues to unjustified threats is to ensure that patent owners have access to other legal avenues, rather than just those contained in the Patents Act, which may provide a more effective remedy for recipients of unjustified threats.

Misleading and deceptive conduct has been successfully claimed in relation to the targeted behaviour in *Sydney Cellulose v Ceil Comfort Home Insulation*.¹⁶⁵ However, a finding of misleading and deceptive conduct appears to be dependent on infringement being established. This means that the costs of establishing infringement and potentially invalidity will still be incurred, leading to the same access problems as the threats provisions are claimed to cause. Further, relying on the misleading and deceptive conduct provisions may have an additional costs implication, in that an assessment of quantum of damages cannot be separated from an assessment for liability, as liability is dependent on establishing damages. *Uniline v SBriggs*¹⁶⁶ and *JR Consulting & Drafting Pty Ltd v Cummings*¹⁶⁷ show different approaches by the courts on this issue, leaving an element of uncertainty in relation to costs related to non-severability of liability and quantum of damages. Therefore although s 18 ACL may be an alternative available to regulate the targeted behaviour if the threats provisions were repealed or amended, it is not apparent whether they provide any clear advantage, nor whether they actually reduce the costs involved in threats proceedings. Accordingly, one question that could be assessed is the average cost of the claim for misleading and deceptive

conduct claims in these cases compared to actions for threats, to ascertain whether one is substantially more cost efficient than the other.

The unconscionable conduct provisions in ss 20 and 21 of the ACL were pleaded unsuccessfully in *JR Consulting & Drafting Pty Ltd v Cummings*¹⁶⁸ in relation to the targeted behaviour. However, in that case the plaintiff was a large, sophisticated competitor in the market; the alleged threatener was a relatively small entity; and the plaintiff had obtained independent legal advice on the issue. It appears possible that in different circumstances, the unconscionable conduct provisions could provide an alternative to the threats provisions. However, the lack of precedent in such circumstances increases the risk of using such an option, and the costs involved in this avenue are unknown.

According to the wording of s 46 of the Competition and Consumer Act 2010 (Cth), the misuse of market power provision appears to be a potential alternative to the threats provisions, in a limited context. The provision applies only to constitutional corporations. Nevertheless, s 46's applicability to the targeted behaviour remains untested. Additionally, the intricacies involved in establishing s 46 increases the potential risk and costs involved, meaning this provision may not prove an attractive alternative to the threats provisions. Conversely, a s 46 action may avoid igniting the often expensive chain of cross-claims for invalidity and revocation. The real cost differences would need to be estimated to establish whether this provision may be a viable alternative.

The *Corporations Act* may impose secondary liability on directors who fail to notify a company of an unjustified threat received by the company, if the company consequently loses the ability to avoid litigation. However, reliance on this provision is only available to the company affected or its members, acting as the company.¹⁶⁹ Further, s 180 affords a defence where the decision is made in good faith, which could help to protect genuine enforcement of patent rights and prevent exploitative targeted behaviour. The difficulty however would remain that the application of this theory to particular cases is untested and may be problematic and expensive, and also that this only applies to companies whose members decide to sue the director. It does not provide a remedy for competitors who are affected by the targeted behaviour.

The law of joint tortfeasorship imposes secondary liability on directors who are involved in the targeted behaviour. *LED Technologies Pty Ltd v Elecspeess*¹⁷⁰ and *Inverness Medical Switzerland GmbH v MDS Diagnostics*¹⁷¹ are precedent for joint tortfeasorship attaching liability to a company director for the infringing acts of his or her company. However, these cases applied to directors whose respective company was accused of infringement, rather than the company making threats. What remains to be determined is whether on the contrary, a director who causes a company to make unjustified threats of infringement can be made personally liable under the law of joint tortfeasorship.

6 | CONCLUSIONS

This paper has investigated the possible interactions between the targeted behaviour and certain Australian laws. The paper ascertained the behaviour that the unjustified threats provisions in the *Patents Act 1990* (Cth) target. This was done by reviewing the provisions of the Act, then examining the case law on s 128. Four potentially applicable areas of law that may have some application to the targeted behaviour were identified. The paper also illustrated the interactions between the selected Australian laws and the targeted behaviour.

The ACL provisions provide potential alternatives to the unjustified threats provisions to regulate the targeted behaviour. Under the ACL, only section 18 has been successfully claimed in relation to the targeted behaviour. However, further research on the costs involved in such an action are needed to conclude on the reliability and efficacy of this provision as an alternative to the threats provisions, and severability issues would need to be factored in. Section 46 of the CCA is another possible alternative, based on the wording of the section, yet has never been relied on in a threats context and potentially involves complex legal distinctions. Section 180 of the *Corporations Act* and the law of joint tortfeasorship may be avenues for attaching secondary liability to directors involved in the targeted behaviour. Section 180 has not been applied to the director accused of making alleged

unjustified threats, but it is possible it may so apply. Finally, the law of joint tortfeasorship may be available to attach liability to directors involved in threatening behaviour. Again, this remains untested and like all above options, the costs implications would need to be assessed before a conclusion on the effectiveness as an alternative to the threats provisions can be determined for practical purposes.

In conclusion, this paper has found that there are potential alternatives to the unjustified threats provisions in the *Patents Act 1990* (Cth) that could be used in place of the threats provisions or in conjunction with them. This may provide a different avenue for law reformers to strike a balance between providing remedy for those affected by the targeted behaviour and increasing the enforceability of patents. However, the effectiveness of such options would need to be further researched including the effectiveness of remedies available in such cases and the costs involved.

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DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available in the public domain.

ENDNOTES

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- ² *Halsey v Brotherhood* (1881-82) LR 19 Ch D 386.
- ³ Patents, Designs, and Trade Marks Act 1883 (UK).
- ⁴ Patents Act 1909, section 16, introducing the new section 91 A to the Patents Act 1903.
- ⁵ *Australian Mud Company Pty Ltd v Coretell Pty Ltd* [2017] FCAFC 44.
- ⁶ *Mizzi Family Holdings Pty Ltd v Morellini (No 3)* [2017] FCA 870.
- ⁷ *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 And Other Measures) Bill 2018 Explanatory Memorandum*, Paragraph 277.
- ⁸ *Halal Certification Authority Pty Limited v Scadilone Pty Limited* [2014] FCA 614.
- ⁹ World Intellectual Property Organization, *WIPO IP Facts and Figures* (Economics and Statistics Series, 2014), 4-18; Taylor Wessing, *Global Intellectual Property Index: The Third Report*, 2011, 6; Chan Sek Keong, 'Journal of Contract Law Opening Address' (2007) 23(1) JCL 3; Nigel Wilson, 'Regulating the Information Age—How will we Cope with Technological Change?' (2010) 33 ABR 119.
- ¹⁰ Intellectual Property and Competition Review Committee, *Review of Intellectual Property Legislation Under the Competition Principles Agreement*, Final Report (2000).
- ¹¹ *Ibid.* See also Productivity Commission, *Intellectual Property Arrangements Draft Report* April 2016, 163.
- ¹² *Ibid.*
- ¹³ William van Caenegem "Registered GIs: Intellectual Property, Agricultural Policy and International Trade" (2004) 26 E.I.P.R 170.
- ¹⁴ *Ibid.*
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- ¹⁶ Carl Shapiro, 2017, Property Rules versus Liability Rules for Patent Infringement, University of California at Berkeley <<https://faculty.haas.berkeley.edu/shapiro/propvsliab.pdf>>; this is also known as the free-rider theory.
- ¹⁷ Industrial Property Advisory Committee, *Practice and Procedures for Enforcement of Industrial Property Rights in Australia* (1992); Advisory Council on Industrial Property, 'Review of Enforcement of Industrial Property Rights' (1999); Advisory Council on Intellectual Property, *Should the Jurisdiction of the Federal Magistrates Service be Extended to Include Patent, Trade Mark and Design Matters?*, Final Report (2003); Advisory Council on Intellectual Property, *Post-Grant Enforcement Strategies*, Final Report (2010).

- ¹⁸ Wessing, n 9, 20.
- ¹⁹ Advisory Council on Intellectual Property, 'Post-Grant Enforcement Strategies' (Australian Government 2010), 12.
- ²⁰ Advisory Council on Intellectual Property, 'Should the Jurisdiction of the Federal Magistrates Service be Extended to Include Patent, Trade Mark and Design Matters?' (Australian Government 2003), 15.
- ²¹ Chris Dent and Kimberlee Weatherall, 'Lawyer's Decisions in Australian Patent Dispute Settlements: An Empirical Perspective' (2006) 17 AIPJ 255, 256.
- ²² Biotechnology Australia, *Biotechnology Intellectual Property Manual* (2001) cited in Australian Law Reform Commission, *Genes and Ingenuity: Gene Patenting and Human Health*, Report No 99 (2004), 229.
- ²³ Advisory Council on Intellectual Property, n 20, 15.
- ²⁴ Advisory Council on Intellectual Property, n 19, 27.
- ²⁵ Andrew Stewart and others, *Intellectual Property in Australia* (5th edn, LexisNexis 2014) 512.
- ²⁶ *Ibid.*
- ²⁷ Charles Tansey, 'Unjustified Threats' (2009) 180 MIP 76.
- ²⁸ David Allison, 'Unjustified Threats' (2009) 79 JIPSANZ 24.
- ²⁹ *Ibid.*
- ³⁰ Note that there has been some question about whether damages are as of right or discretionary. See Richard McCormack, 'Threats of Infringement of Intellectual Property Rights: Meaning, Remedies, Discretion and Liability for Groundless and Unjustified Threats' (2012) 90 JIPSANZ 41, 42.
- ³¹ See, for example, *World of Technologies v Tempo* [2007] FCA 114.
- ³² See, for example, Pohlmann, Tim and Opitz, Marieke (2010): *Typology of the patent troll business* <<https://mpira.ub.uni-muenchen.de/31923/>>
- ³³ Hayley Bowman and Grace Pead, 'How Far Does the Term "Patent Troll" Extend?' [2014] (August) IPLB 200.
- ³⁴ In United States, for example, the Declaratory Judgment Act 28 USC § 2201 permits potential defendants to litigate, generally for noninfringement and/or invalidity, against a threatening IP holder. The Act is applicable to patents, trademarks, and copyright.
- ³⁵ *CQMS Pty Ltd v Bradken Resources Pty Limited* [2016] FCA 847 at [159].
- ³⁶ Dimitrios Eliades, 'Letters of Demand in IP Cases: An Exercise in Legal Craftmanship or a Toss of the Dice?' (2008) 24 HJBAQ <http://www.hearsay.org.au/index.php?option=com_content&task=view&id=230&Itemid=48>.
- ³⁷ ACIP, 'Post-Grant Enforcement Strategies', n 19.
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- ⁴⁰ *CQMS Pty Ltd v Bradken Resources Pty Limited* [2016] FCA 847.
- ⁴¹ ACIP, 'Post-Grant Enforcement Strategies', n 19, 26.
- ⁴² Kimberlee Weatherall and Elizabeth Webster, 'Patent Infringement in Australia: Results from a Survey' (2010) 38 FLR 21, 24, 52.
- ⁴³ Henderson and Coogan, 'Costs Considerations and Consequences in Patent Litigation', n 38.
- ⁴⁴ Jackson, n 38.
- ⁴⁵ Allison, n 28.
- ⁴⁶ *Ibid.*
- ⁴⁷ s 3.
- ⁴⁸ Mark Summerfield, 'A "Patent Troll" Down-Under? Why Vringo Has Sued ZTE Australia' on Mark Summerfield, *Patentology* (30 June 2013) <<http://blog.patentology.com.au/2013/06/a-patent-troll-down-under-why-vringo.html>>.

- ⁴⁹ Richard McCormack, 'Threats of Infringement of Intellectual Property Rights: Meaning, Remedies, Discretion and Liability for Groundless and Unjustified Threats' (2012) 90 JIPSANZ 41, 42.
- ⁵⁰ 1901 (Cth) cited in McCormack, n 49.
- ⁵¹ Schedule 2, *Competition and Consumer Act 2010* (Cth).
- ⁵² See, for example, *Sydney Cellulose Pty Ltd v Ceil Comfort Home Insulation Pty Ltd* [2001] FCA 1350. This case involved the equivalent provision under the *Trade Practices Act 1974* (Cth).
- ⁵³ 2001 (Cth) s 180. See, for example, *Inverness Medical Switzerland GmbH v MDS Diagnostics Pty Ltd* [2010] FCA 108.
- ⁵⁴ TRIPS agreement provides general principles on patent enforcement focusing on the fair and equitable treatment of foreign nationals.
- ⁵⁵ ACIP, 'Post-Grant Enforcement Strategies', n 19, 15–17.
- ⁵⁶ UK Law Commission, *Patents, Trade Marks and Design Rights: Groundless Threats* (Report No 346, April 2014), 16–21.
- ⁵⁷ Allison, n 28; Summerfield, n 48.
- ⁵⁸ *Copyright Act 1968* (Cth) ss 202–202A; *Designs Act 2003* (Cth) ss 77–81; *Patents Act 1990* (Cth) ss 128–132; *Trade Marks Act 1995* (Cth) ss 129–130.
- ⁵⁹ Allison, n 28, 25.
- ⁶⁰ *Ibid.*
- ⁶¹ *Patents Act 1990* (Cth), ss 117–123.
- ⁶² *Ibid.*, s 138.
- ⁶³ Allison, n 28, 25.
- ⁶⁴ *Luna Advertising Co v Burnham & Co* (1928) 25 RPC 258.
- ⁶⁵ *Ibid.*
- ⁶⁶ *Ibid.*
- ⁶⁷ *Johnson v Edge* [1892] 9 RPC 142.
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- ⁷² Allison, n 28, 29.
- ⁷³ *University of Western Australia v Gray (No 20)* [2008] FCA 498.
- ⁷⁴ ACL s18.
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- ⁷⁷ *JR Consulting & Drafting Pty Ltd v Cummings* [2014] NSWSC 1252 [265] (Black J).
- ⁷⁸ *Sydney Cellulose Pty Ltd v Ceil Comfort Home Insulation Pty Ltd* [2001] FCA 1350.
- ⁷⁹ *Ibid.* para 2–7.
- ⁸⁰ *Ibid.*
- ⁸¹ *Ibid.* para 20–22.
- ⁸² *Ibid.* [1, 32–34] (Conti J).
- ⁸³ *Ibid.* [56] (Conti J).
- ⁸⁴ *Ibid.*
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- ⁸⁶ *Sydney Cellulose Pty Ltd v Ceil Comfort Home Insulation Pty Ltd* [2001] FCA 1350 [56] (Conti J).
- ⁸⁷ *Nine Films v Ninox* [2005] FCA 1404.

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- ⁸⁹ *Ibid* [98] (Tamberlin J).
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- ⁹⁵ *Ibid* [8, 148] (McKerracher J).
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- ⁹⁸ *Ibid* [9] (Reeves J).
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- ¹⁰³ *Trade Practices Act 1974* (Cth).
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- ¹⁰⁷ *Commercial Bank of Australia Ltd v Amadio* (1983) 151 CLR 447 [462] (Mason J).
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- ¹¹⁰ *JR Consulting & Drafting Pty Ltd v Cummings* [2014] NSWSC 1252.
- ¹¹¹ *Ibid*.
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- ¹¹³ *Ibid* [273].
- ¹¹⁴ ACL s 21(4)(a).
- ¹¹⁵ s 22(1)(e).
- ¹¹⁶ s 22(1)(l).
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- ¹¹⁸ That is, before the amendments incorporated by the *Competition and Consumer Legislation Amendment Act 2011* (Cth), effective 1 January 2012. See *JR Consulting & Drafting Pty Ltd v Cummings* [2014] NSWSC 1252, [278].
- ¹¹⁹ *JR Consulting & Drafting Pty Ltd v Cummings* [2014] NSWSC 1252 [279] (Black J).
- ¹²⁰ *Ibid*.
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- ¹²² See s 21.
- ¹²³ s 21(a), (b).
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- ¹⁴⁷ *Corporations Act 2001* (Cth) s 236.
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- ¹⁴⁹ *Thompson v Australian Capital Television Pty Ltd* (1996) 186 CLR 574.
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