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By email

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Intellectual Property Arrangements
Productivity Commission Inquiry Report No 78 23 September 2016
FICPI Australia response

Further to our response to the Draft Report, and our consideration of the final Inquiry Report, we now submit our comments on the final recommendations, focusing on those recommendations in particular in respect of which the government has welcomed further comment. We have also had regard to other recommendations not mentioned, where we have significant concerns due to the fact that the Productivity Commission (PC) seems to have not heeded many of the concerns and criticisms raised by us and other stakeholders that day-to-day users of the IP system.

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About FICPI Australia

FICPI Australia is the Australian National Association of the International Federation of Intellectual Property Attorneys (FICPI).

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FICPI is unique. It is the only international NGO whose membership consists exclusively of IP attorneys in private practice. FICPI therefore represents a key constituency of the international IP system.

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Founded more than 100 years ago, in 1906, FICPI now has more than 5,000 members in over 86 countries, including the US and Japan, Australia and New Zealand, a large European membership and newly established national sections in India and PR China. Further details regarding FICPI can be found at www.ficpi.org.

Before being admitted, an applicant for membership of FICPI must satisfy prescribed criteria as to their character, experience and international reputation.

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FICPI's members represent their clients in patent, trade mark and design matters, and related forms of IP, at the national, regional and international levels. Clients of FICPI members range from individuals and SMEs to multi-national industries, as well as universities, governmental and non-governmental organisations and other institutions, who are applicants and non-applicants alike. FICPI members have assisted in the drafting of IP laws and treaties. FICPI is therefore able to offer experience and well balanced opinions with regard to newly proposed international, regional or national legislation or practice guidelines on many different levels of client knowledge, experience and business needs relating to the day-to-day use of the IP system.



FICPI aims to enhance international cooperation within the profession of IP attorneys in private practice and to promote the training and continuing education of its members and others interested in IP protection.

The members of FICPI Australia are all registered Patent Attorneys or registered Patent and Trade Marks Attorneys who have senior roles in Patent Attorney firms conducting business in Australia and New Zealand.

FICPI Australia adopts the statutes of FICPI and includes in its own objects to:

- aid in the tuition and introduction of practice, procedure and legislation for the benefit and protection of inventors, patentees, traders and manufacturers in Australia and other countries;
- establish inter-communication between members; and
- facilitate contact and communication of the members of its association with members of FICPI in other countries.

Submission Comments

In terms of the final recommendations specified in respect of which the government has welcomed further comment, FICPI Australia is competent to reply in respect of the following:

Final recommendations 7.1 and 7.2, 10.1, 12.1, 17.1, 17.2, 18.1 and 18.2, and 19.2.

We have also considered it appropriate to comment on Final recommendations 8.1 and 10.1 and Findings 9.1 and 10.1.

We would appreciate the opportunity to expand upon our views, especially where these may be seen to be contrary or alternative to the recommendation or reasoning of the PC. Therefore, we would welcome direct feedback and dialogue with representatives of the PC.

Please see the enclosed document for our comments

Yours sincerely

Stephen Krouzecky
President
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THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS
FICPI AUSTRALIA

Intellectual Property Arrangements

FICPI AUSTRALIA OVERVIEW

FICPI Australia Submission

Chapter 2: An analytical framework for assessing the IP system

RECOMMENDATION 2.1

In formulating intellectual property policy, the Australian Government should be informed by a robust evidence base and be guided by the principles of:

- *effectiveness*, which balances providing protection to encourage additional innovation (which would not have otherwise occurred) and allowing ideas to be disseminated widely
- *efficiency*, which balances returns to innovators and to the wider community
- *adaptability*, which balances providing policy certainty and having a system that is agile in response to change
- *accountability*, which balances the cost of collecting and analysing policy-relevant information against the benefits of having transparent and evidence-based policy that considers community wellbeing.

FICPI Response to Recommendation 2.1

See our previous response to Draft Recommendation 2.1

Chapter 6: Fair use or fair dealing — what is fair for Australia?

RECOMMENDATION 6.1

The Australian Government should accept and implement the Australian Law Reform Commission's final recommendations regarding a fair use exception in Australia.

FICPI Response to Recommendation 6.1

When considering the different copyright systems in use around the world, there are generally two types of exceptions – “fair use” and “fair dealing”. Fair dealing exceptions prescribe a list of purposes for which exceptions can be granted. In contrast, fair use exceptions rely on principles and context to determine if use of copyright material is fair.

Fair dealing provisions have historically operated in the Copyright laws of Australia and



other Commonwealth countries such as the United Kingdom and New Zealand. However, the United States and some Asian countries have adopted fair use exceptions.

The current Australian legislation allows fair dealing for prescribed purposes, such as research, study, criticism or review etc.

In the UK, the Hargreaves review recommended an expanded approach to fair dealing, rather than transitioning to fair use. However, some users of the copyright system argue that the fair dealing exceptions are no longer fit for purpose in the digital age, and that they are static and not capable of adapting to change.

Some opponents of the Productivity Commission’s fair use proposal have argued that the change to fair use will result in an unacceptably high degree of uncertainty and a likely period of sustained litigation while the contours of the new system were established.

The Productivity Commission’s recommendation 6.1 is that fair use should be adopted in Australia. However, how that may be enacted is not set out in detail. The report makes it clear that various contrasting concerns have been submitted by different industry groups, corporations and other contributors. However, the report does not explore in detail the alternative of adopting an expanded approach to the existing fair dealing exceptions to modernise the legislation to address the main areas of concern. It would seem that amending the fair dealing provisions would be a reasonable starting part rather than making broad changes to the copyright legislation that are not unanimously supported by various stakeholders.

RECOMMENDATION 6.2

The Australian Government should enact the Australian Law Reform Commission recommendations to limit liability for the use of orphan works, where a user has undertaken a diligent search to locate the relevant rights holder.

FICPI Response to Recommendation 6.2

Recommendation 6.2 proposes limited liability for the use of “orphan works” being works protected by copyright, but where the copyright owner cannot be identified. Specifically, the recommendation proposes limited liability where the user has undertaken a diligent search to locate the relevant rights holder. FICPI Australia does not object to this recommendation; however more information would be required to understand what would be considered to constitute a “diligent search”.

Chapter 7: The patent system — getting the fundamentals right



RECOMMENDATION 7.1

The Australian Government should incorporate an objects clause into the *Patents Act 1990* (Cth). The objects clause should describe the purpose of the legislation as enhancing the wellbeing of Australians by promoting technological innovation and the transfer and dissemination of technology. In so doing, the patent system should balance over time the interests of producers, owners and users of technology.

FICPI Response to Recommendation 7.1

FICPI Australia notes the changes to this recommendation from the previous Daft Recommendation 6.2 and is pleased that the PC has dispensed with its ideological and ill-conceived premise of patents being only worthy for “socially valuable innovations that would not have otherwise occurred”. Nonetheless, FICPI Australia does not change its view that it considers an objects clause of the type described in appropriate being far too limited and altruistic in its view as to the purpose of the Australian patent system. The fact of the matter is that innovation reduced to practice and which is commercialised in the field of economic endeavour in Australia that finds a market regardless of the technological value of the innovation, is valuable to the economy.

One of the realities of the marketplace is that the technological merit of an innovation has nothing to do with its utility for commercialisation. Regrettably, there is an elitist attitude towards academic and scientific research, and a belief that this type of innovation should be the only type of innovation deserving of patent protection. The fact of the matter is that Australia is not a major world market nor is it an industrial or technological mecca driving the world economy. Much of the industry and commercial undertakings are at a low level of technological merit, but still can be improved and expanded by a patent system that rewards commercially valuable inventions/innovation, whether it be of high intellectual value or low intellectual value. This is the value of the patent system to an economy (particularly a low-level economy) as well as to a high level economy, having the ability to enrich those that make an effort to invent/innovate and not simply copy or follow-on innovate.

At the very outset, it will be a patent examiner that would need to assess whether in their opinion (or guidelines created by IP Australia) the subject invention “enhances the wellbeing of Australians by promoting technological innovation in the transfer and dissemination of technology” in their opinion, which could well range from examiner to examiner, even when interpreting untested guidelines, especially given that examiners and IP Australia have a strong scientific and technical background, as opposed to a consumer or business oriented background.

FICPI Australia again highlights the example of the Myriad High Court decision, where uncertainty was introduced into the IP system bringing ethical considerations into what should have been a technical assessment of whether an invention fell under well-established patentability tests or not.

FICPI Australia considers it best that the Patents Act remains neutral in terms of its object, and allows the market, or perceived need for an invention/innovation, to naturally dictate



the types of inventions applicants aspire to patent and those which they do not, as long as the invention is in the field of economic endeavour.

The view of FICPI Australia is that business requires certainty and predictability of outcomes with respect to its IP system, where an IP system is primarily a commercial tool and not a tool for social engineering. Anything that reduces predictability and creates uncertainty is bad for business investment considerations in relation to invention and innovation.

FINDING 7.1

The *Raising the Bar* initiative moved the inventive step and other elements of patent law in the right direction by raising the threshold for granting a patent. There is a strong case, however, for further raising the threshold.

FICPI Response to Finding 7.1

FICPI Australia is pleased to note that the PC has recognised that the Raising the Bar (RTB) initiatives have moved patent law in the right direction, including the changes made to inventive step. However, these changes in patent terms are still very recent and it is far too early to draw any conclusions on the impact that they may have in the marketplace. In fact, we consider that there is anecdotal evidence to justify the view that local applicants are finding it more difficult and expensive to obtain standard patent protection, thus resulting in a drop off of interest in local applicants seeking to obtaining patent protection.

The PC appear to be following an absurd premise that making the system more difficult and expensive for applicants to obtain patent protection, is going to improve the standard of innovation and the economy in Australia for local companies, who predominantly comprise SMEs.

With respect, the naivety of the PC in pursuing such a premise beggars belief, as clearly it has not consulted with true innovators or SMEs on a broader community scale who are trying to survive in the local economy in conducting their business, seize upon an innovation invented by them, go through a commercialisation process involving raising capital, separate from their mainstream business, to help fund the development of a new product or system and then go through the marketing and retail maze to introduce the developed innovation into the marketplace. In the event that they seek some competitive advantage to assist them at any stage in this process by obtaining a patent, they are required to engage high level professional services that are finding it necessary to become increasingly expert to keep abreast of the technology and the increased complexity of the law to obtain patent protection in the face of a system that is already biased against the granting of a patent.

The costs of going through this process, not only in Australia, but internationally are prohibitive to the individual and indeed to most small to medium size businesses in Australia. Consequently, the notion of making it even more difficult and expensive in a small first world economy that does not have a market big enough to reward the investment in effort and expense to go through a commercialisation phase, is illogical and



will only further polarise the economy in favour of large multinational corporations, which by the own admission of the PC is not in the interests of the Australian economy.

Therefore on any account of economic evidence or plain logic, there is NO CASE for further raising the threshold of inventive step that on any measure would be in favour of Australian nationals or corporations.

RECOMMENDATION 7.2

The Australian Government should amend ss. 7(2) and 7(3) of the *Patents Act 1990* (Cth) such that an invention is taken to involve an inventive step if, having regard to the prior art base, it is not obvious to a person skilled in the relevant art. The Explanatory Memorandum should state:

- a ‘scintilla’ of invention, or a scenario where the skilled person would not ‘directly be led as a matter of course’, are insufficient thresholds for meeting the inventive step
- the ‘obvious to try’ test applied in Europe would in some instances be a suitable test.

IP Australia should update the Australian Patent Office Manual of Practice and Procedure such that it will consider the technical features of an invention for the purpose of the inventive step and novelty tests.

FICPI Response to Recommendation 7.2

FICPI Australia is extremely disappointed that the PC seems to have ignored the weight of informed opinion from IP stakeholders that actually understand the existing law on inventive step as it applies across the entire innovation spectrum and the PC has preferred to advance its own misguided concepts of what constitutes inventive step to justify changing the law based entirely on its perception of competition and economical grounds.

With respect, the brazenness and boldness of the PC, which is not expert in the law of inventive step to make recommendations that surpass those of other countries whose laws are not rooted in the same principles of common law as Australia’s is stupid, ignorant and ill advised.

*FICPI Australia disagrees that there is a need to amend the Patents Act insofar as inventive step is concerned after the advances already made in this area by the recent RTB legislation. We reiterate, as was observed by Lord Diplock in *Johns-Manville Corp’s Patent [1967] RPC 479 at 493-494*, considering the law of inventive step having regard to laws strongly set in common law principles at the time, one should refrain from coining a definition of “obviousness” as it is doubtful that there is any verbal formula which is appropriate to all classes of claims.*

The test suggested to be included in the Explanatory Memorandum, namely “asking whether a course of action required to arrive at the invention or solution to the problem would have been obvious for a person skilled in the art to try with a reasonable expectation of success” is only applicable to certain types of inventions where long experiments and deep research is required to arrive at the invention, which typically occurs in chemical



cases where the combination of different chemicals or molecules may produce different results which are entirely unpredictable.

Importantly, this is not the case in relation to many engineering related inventions, where a valuable invention may be happened and realised by the person involved to be more than the sum of the parts, or the outcome has commercial value, or the problem is solved in a new and non-obvious way et cetera. The human mind of one person can conceive what is not obvious, and it becomes obvious to others only after it has been revealed.

*We again point out that the matter is well explained in the decision of the majority of the High Court in *Aktiebolaget Hässle v Alphapharm Pty Ltd* [2002] HCA 59 at [38], discussing the fact that not all inventions are to be classified as successful solutions to a problem which had presented a “long-felt want” and that inventions can also arise in the case of an “unfelt want” and which may well involve an inventive step.*

Consistent with this line of reasoning, as is the case with the legislative definition of inventive step in the patent statutes of our major trading partners as illustrated in Box 7.6 of the Inquiry Report, it is notable that a less prescriptive approach has been adopted in the case of all countries and Europe, indicating a desire to leave the determination of what constitutes an inventive step to the courts and resulting caselaw and precedent. Courts have proven time after time that they change their view, as there instructed understanding of all forms of technological advancement increases to accommodate the new, a wonderful apparatus, and processes/methods that have commercial worth and which become the subject of a court decision. Courts in Australia and other common law jurisdictions continued to take societal and fundamental interests into consideration, creating a growing number of judicial exceptions to patentability and only when Parliament has a clear mandate do they venture to legislate to adopt those exceptions.

The above aside, FICPI Australia cannot see how the current specification of the law for inventive step leads to any “low value” patents being granted in any event, where the test for obviousness already provides a barrier to valid patents being granted for trivial or obvious inventions. FICPI Australia considers that the problems identified with the existing test as referred to within the PC report are very much exaggerated and wrongfully target the elimination of so-called “low value” patents, deeming them to be an impediment to follow-on innovation. However, it appears that the PC considers any innovation that is the subject of a patent, whether it be genuinely new and valuable or not, which would not have occurred if not for the existence of, in this instance, the patent system, is a “low value” patent, whereas in fact there is no evidence to support this highly subjective view at all.

Therefore, FICPI Australia considers that the entire thrust of the PC view to raise the threshold of inventive step in not only Australia, but also globally, is based entirely on a false premise as to what is a “high value” patent and what is a “low value” patent.

Further, FICPI Australia considers that the PC has misinterpreted the law and the ‘scintilla’ of invention requirement as being a quantitative test for inventive step, whereas in fact the law in respect of inventive step at all times has required it to be a qualitative test as to whether the invention is obvious or not.



RECOMMENDATION 7.3

IP Australia should reform its patent filing processes to require applicants to identify the technical features of the invention in the set of claims.

FICPI Response to Recommendation 7.3

FICPI Australia can see no reason to identify the technical features of the claimed invention in the claims as the existing provisions of the Act more than adequately prescribe the requirements for a claim.

RECOMMENDATION 7.4

The Australian Government and IP Australia should set patent fees to promote broader intellectual property policy objectives, rather than the current primary objective of achieving cost recovery. To this end, the Australian Government, with input from IP Australia, should:

- restructure patent renewal fees such that they rise each year at an increasing rate (including years in which patents receive an extension of term) — fees later in the life of a patent would well exceed current levels
- reduce the initial threshold for claim fees, and increase claim fees for applications with a large number of claims.

FICPI Response to Recommendation 7.4

See our previous response to Draft Recommendation 6.3



Chapter 8: The innovation patent system

RECOMMENDATION 8.1

The Australian Government should abolish the innovation patent system.

FICPI Response to Recommendation 8.1

FICPI Australia strongly disagrees with this recommendation. See our previous response to Draft Recommendation 7.1

Chapter 9: Business method patents and software patents

FINDING 9.1

Raising the inventive step, requiring technical features in patent claims, and the inclusion of an objects clause would better balance the patent rights of software innovators and users.

FICPI Response to Finding 9.1

FICPI Australia strongly disagrees with the finding as there is no evidence to suggest that the specified measures would better balance the patent rights of software innovators and users. To the contrary, it appears that the PC is adopting a strong partisan view which does not take into account the perspective of innovators and users who may well be the source of an invention/innovation but are required to outsource the software development in order to implement the invention/innovation.

We believe that the evolutionary nature of the case law in this area both in Australia and overseas supports the current principles behind the Australian Patents Act and the provisions defining subject matter as being a manner of manufacture. As can be seen, the current law provides proper basis for the courts to consider what should be patented and what should not with new and changing technology without limiting the considerations to some prescriptive formula that may well prove to be inadequate or redundant with new technology down the track.

See our previous response to Draft Recommendation 8.1 and Key Point consideration under section 8.



Chapter 10: Pharmaceuticals - getting the right policy prescription

RECOMMENDATION 10.1

The Australian Government should reform extensions of patent term for pharmaceuticals such that they are only:

- (i) available for patents covering an active pharmaceutical ingredient, and
- (ii) calculated based on the time taken by the Therapeutic Goods Administration for regulatory approval over and above 255 working days (one year).

The Australian Government should reform s. 76A of the *Patents Act 1990* (Cth) to improve data collection requirements for extensions of term, drawing on the model applied in Canada. Thereafter no extensions of term should be granted until data is received in a satisfactory form.

FICPI Response to Recommendation 10.1

FICPI Australia is disappointed that the PC appears to have taken no account of our comments previously made with respect to Recommendation 9.1 of the Draft Report, and if anything, seems to have intensified its views regarding the reform of extensions of patent term for pharmaceuticals against the practices of our major international trading partners.

FICPI Australia has grave concerns about the recommendation that pharmaceutical extensions of term should be limited to cover only patents that include claims to active pharmaceutical ingredients. FICPI Australia submits that there are many significant pharmaceutical innovations beyond those that relate merely to active ingredients, that may languish and remain undeveloped commercially in the absence of the incentive provided by the ability to secure extended patent term. For example, new combinations of known active ingredients or compositions that exhibit improved efficacy could still require significant clinical trials in order to secure approval for marketing that result in major delay in bringing a product to market. The same applies for methods of treatment e.g. a new use of a known agent (not covered by the existing EoT system) and substances produced by recombinant DNA technology.

FICPI Australia strongly disagrees with the recommendation that the Australian Government should reform extensions of patent term for pharmaceuticals such that they are based only on the time taken for regulatory approval by the TGA over and above one year.

We reiterate that in making this recommendation the PC does not seem to recognise that the period of consideration of an application for regulatory approval in Australia by the TGA is only a minor contributor to the delay in bringing a product to market. The most significant delays in bringing a product to market are generally associated with the conduct of clinical trials. Such clinical trials are of course conducted in order to meet the regulatory requirements imposed on the originator by the TGA and by other



pharmaceutical regulatory authorities. As the PC will understand, safety of a therapeutic good is generally determined at an early stage in the pharmaceutical development pathway (phase 1 clinical trials). Phase 1 clinical trials are conducted in a small number of patients and are generally relatively quick and inexpensive. Following a phase 1 clinical trial it will be established that the drug in question is safe for human administration, within particular dosage parameters. Therefore, in terms of eliminating risk associated with potential product liability claims by consumers a pharmaceutical company will be well placed after completion of the phase 1 clinical trials.

However, in order to be authorised to make claims as to the health benefits of a particular pharmaceutical substance, significantly larger scale, more costly and time consuming phase 2 and 3 clinical trials must be conducted. The requirement to conduct such studies is imposed on originator pharmaceutical companies by the regulators, and in the case of Australia, by the TGA. Although the delay associated with conducting the clinical trials is not part of the time of consideration by the TGA of the product dossier it is necessary for the originator pharmaceutical company to generate the information in the product dossier that is derived from the clinical trials before the application for listing in the Australian Register of Therapeutic Goods (ARTG) can be submitted to the TGA. It is the conduct of these necessary clinical trials that constitutes the most significant aspect of the delay in bringing the product to market, and which results in the greatest reduction in the effective term of patent protection. It is this aspect of the “regulatory delay” that the pharmaceutical extension of term system is primarily intended to compensate for.

FINDING 10.1

There are no grounds to extend the period of data protection for any pharmaceutical products, including biologics.

FICPI Response to Finding 10.1

FICPI Australia again sees no compelling reason for Australia to move away from the present extension of term system for pharmaceutical patents to adopt a sui generis form of protection. FICPI Australia is also of the view that as a result of Australia’s adoption of both international and bi-lateral treaties Australia is not in a position to move to a system that would allow for manufacture of pharmaceuticals for export during a period of extension of the normal patent term.

That said, FICPI Australia does not oppose this recommendation, on the assumption that any publication of clinical trial data does not take place until periods of data protection in other jurisdictions have expired.



RECOMMENDATION 10.2

The Australian Government should introduce a system for transparent reporting and monitoring of settlements between originator and generic pharmaceutical companies to detect potential pay-for-delay agreements. This system should be based on the model used in the United States, administered by the Australian Competition and Consumer Commission, and include guidelines on the approach to monitoring as part of the broader guidance on the application of the *Competition and Consumer Act 2010* (Cth) to intellectual property (recommendation 15.1).

The monitoring should operate for a period of five years. Following this period, the Australian Government should review the regulation of pay-for-delay agreements (and other potentially anticompetitive arrangements specific to the pharmaceutical sector).

FICPI Response to Recommendation 10.2

See our previous response to Draft Recommendation 9.4.

Chapter 11: Registered designs

FINDING 11.1

The Australian Government has committed to implement many of the recommendations made by the Advisory Council on Intellectual Property in its recent review of Australia's designs system. These measures will help address participant concerns about the cost of acquiring registered design rights, and the lack of understanding of design law.

Recommendation 19.2 provides for a low-cost avenue for IP enforcement currently sought by designers.

FICPI Response to Finding 11

The government response to the ACIP report did indicate that the options and issues awaiting input from the PC Final report included:

- *Whether extension of term to 15 years under Hague is recommended;*
- *Assessing whether specific considerations should be provided for the treatment of virtual or non-physical designs; and*
- *Assessing whether allowing partial product registrations would benefit Australian interests.*

The draft report of the Productivity commission did not support any of these proposed changes.



The PC final report suggests:

- *Joining Hague to achieve international consistency is a poor reason for extending term to 15 years; and*
- *Suggests the government further investigate whether protection of virtual designs would be beneficial and refers to WIPO SCT plans to collate information via a survey.*

FICPI Australia notes that protection of partial designs does not appear to have been directly addressed. FICPI Australia would not support this expansion as it considers that the present system of providing a statement of newness and distinctiveness suffices to direct the reviewer to consider the article in the appropriate manner, as guided by the Act. However, it is clear that self-filers are not, aware of the importance of, or not skilled enough to use the existing provision. Many design registration owners waste their fee and obtain ineffective or inappropriate design rights, while also often pre-publishing potential inventive subject matter that then cannot be obtained in jurisdictions that do not have a grace period.

The PC Inquiry Report also suggests no support for reduced fees for multiple designs, where the administrative burden is clearly less and more so as computerised decision assistance is used by IP Australia. There is no mention of improved border protection measures for Certified Designs or support for unregistered designs.

Chapter 12: Trade marks and geographical indications



RECOMMENDATION 12.1

The Australian Government should amend the *Trade Marks Act 1995* (Cth) to:

- reduce the grace period from 5 years to 3 years before new registrations can be challenged for non-use
- remove the presumption of registrability in assessing whether a mark could be misleading or confusing at application
- ensure that parallel imports of marked goods do not infringe an Australian registered trade mark when the marked good has been brought to market elsewhere by the owner of the mark or its licensee. Section 97A of the *Trade Marks Act 2002* (New Zealand) could serve as a model clause in this regard.

IP Australia should:

- require those seeking trade mark protection to state whether they are using the mark or 'intending to use' the mark at application, registration and renewal, and record this on the Australian Trade Mark On-line Search System (ATMOSS). It should also seek confirmation from trade mark holders that register with an 'intent to use' that their mark is actually in use following the grace period, with this information also recorded on the ATMOSS
- require the Trade Marks Office to return to its previous practice of routinely challenging trade mark applications that contain contemporary geographical references (under s. 43 of the Trade Marks Act)
- in conjunction with the Australian Securities and Investment Commission, link the ATMOSS database with the business registration portal, including to ensure a warning if a business registration may infringe an existing trade mark.

FICPI Response to Recommendation 12.1

- *Reduce the grace period from five years to 3 years*

FICPI Australia does not consider there to be any detriment to reducing the grace period for challenging a trade mark for non-use to 3 years from the date of registration, being calculated from the date that the mark is actually registered as opposed to applied for, in order to make allowance for delays in obtaining registration either by way of extended examination or opposition proceedings.

- *Remove the presumption of registrability in assessing whether a mark could be misleading or confusing at application*

FICPI Australia again does not agree with the recommendation. The presumption of registrability confers jurisdiction on the Federal Circuit Court to hear and determine trade marks matters. Changing the presumption of registrability will not necessarily prevent trade marks from being registered because there are many reasons and factors that determine whether a trade mark can be registered. This change only hinders and makes the process of registration longer rather than act as a deterrent.



Further there is nothing to suggest that the introduction of the presumption of registrability has had any significant impact on the practice of the Trade Marks Office. It has not been applied in a way that significantly improves the prospect of registration, where trade mark examiners still need to be satisfied that there is no lawful ground for objection to registration

- *Ensuring that parallel imports do not infringe on Australian registered trade mark*

FICPI Australia disagrees with this recommendation. The reality is that trade mark owners have contractual obligations which may effectively prevent the sale of goods into the Australian market and that goods manufactured in accordance with the requirements and standards of one market will not necessarily be suitable for sale in Australia.

There needs to be an appreciation that there are many unscrupulous operators seeking to undermine proper standards and quality of service imposed upon a distributor that has worked hard to establish a market and reputation in a highly competitive marketplace for the supply of goods on an exclusive basis.

These operators can create massive damage to not only the distributor, but also the originator of products and services, as they do not have a vested interest in establishing and maintaining the standards of the trade mark owner and the interests of the customer. Many a time, these operators are only interested in short-term gain and stealing the market share of the distributor.

The PC seems to be focused only on one side of the equation and that is increased competition and reduced prices at any cost. However, this is not in the long-term interests of the trade mark owner, the distributor or the public, when it comes to a competitor's inferior service, adherence to quality control standards in applying the product, and meeting warranty obligations if the product fails. For example applying a product such as paints or adhesives in particular temperature conditions to ensure proper bonding to the surface, can lead to all sorts of problems when an unscrupulous competitor sources the original product in a parallel importation to undercut the national or local distributor.

- *Requiring statement of use*

Whilst FICPI Australia admires the desire to reduce cluttering of the Register, the requirement to provide a statement of actual use or intention to use, seems to be a further burden on the applicant or registrant that does not really address the problem at the point of application, since this non-use at this point in time is quite legitimate and would be of little or no assistance to a competitor seeking to adopt the trade mark.

There may be merit, however, to introduce a system following the grace period of non-use, making it a requirement for a registrant to submit a statement of actual use and an example of such in some declaratory form, otherwise the registration would be forfeited. Such a system is likely to have a significant impact on decluttering of the Register, although due consideration needs to be given to what would constitute appropriate periods for the requirement without proving too burdensome for a registered owner.

Given the present term of registration for renewal being 10 years, intervals of five years may be considered reasonable, one being mid-term of a registration period, and the other being at the time of registration.

- *Routinely challenging trade mark applications that contain contemporary geographical*



references

FICPI Australia reiterates that it agrees that the practice of the Trade Marks Office should more closely reflect Australian Consumer Law in relation to trade marks incorporating geographical references.

- *Linking the ATMOSS database with the business registration portal*

FICPI Australia reiterates that it agrees with the recommendation.

Chapter 14: Circuit layout rights

FINDING 14.1

Dedicated intellectual property protection for circuit layouts is not ideal and seldom used, but given Australia's international commitment to protect circuit layouts and no superior alternatives, the best policy option is to maintain the status quo.

FICPI Response to Finding 14.1

See our previous response to Information Request 13.1



Chapter 16: IP and public institutions

RECOMMENDATION 16.1

The Australian, and State and Territory governments should implement an open access policy for publicly-funded research. The policy should provide free and open access arrangements for all publications funded by governments, directly or through university funding, within 12 months of publication. The policy should minimise exemptions.

The Australian Government should seek to establish the same policy for international agencies to which it is a contributory funder, but which still charge for their publications, such as the Organisation for Economic Cooperation and Development.

FICPI Response to Recommendation 16.1

See our previous response to Draft Recommendation 15.1

Chapter 17: Intellectual property's institutional arrangements

RECOMMENDATION 17.1

The Australian Government should promote a coherent and integrated approach to IP policy by:

- establishing and maintaining greater IP policy expertise in the Department of Industry, Innovation and Science
- ensuring the allocation of functions to IP Australia has regard to conflicts arising from IP Australia's role as IP rights administrator and involvement in policy development and advice
- establishing a standing (interdepartmental) IP Policy Group and formal working arrangements to ensure agencies work together within the policy framework outlined in this report. The Group would comprise those departments with responsibility for industrial and creative IP rights, the Treasury, and others as needed, including IP Australia.

FICPI Response to Recommendation 17.1

FICPI Australia generally agrees with the recommendation. FICPI Australia reiterates its view that there would be merit in establishing a clearer separation between policy and



administrative functions for intellectual property to avoid conflicts arising from IP Australia's role as an administrator and policy development and advisory make.

FICPI Australia considers that under the right recipe, the separation of these functions will lead to better IP policy-making on the one hand and administration of the IP system on the other.

FICPI Australia considers that establishing an interdepartmental IP policy group could well provide the solution, with input being provided equally from IP Australia, other agencies within the IIS, Treasury and other stakeholders such as the IP profession.

FINDING 17.1

Australia's approach to negotiating IP provisions in international treaties could be improved through greater use of independent impact assessment and more meaningful stakeholder consultation.

FICPI Response to Finding 17.1

FICPI Australia is fully supportive of this finding, especially given its broad international basis and intensive and exhaustive resolution making process in its own right. Especially from FICPI Australia's own experience as an IP stakeholder in the RCEP discussions, and observing the undue influence of strongly partisan lobby groups, it considers that far more effective and balanced deliberation of the issues can be achieved in Australia's involvement in negotiating international treaties.

RECOMMENDATION 17.2

The Australian Government should charge the interdepartmental IP Policy Group (recommendation 17.1) and the Department of Foreign Affairs and Trade with the task of developing guidance for IP provisions in international treaties. This guidance should incorporate the following principles:

- avoiding the inclusion of IP provisions in bilateral and regional trade agreements and leaving negotiations on IP standards to multilateral fora
- protecting flexibility to achieve policy goals, such as by reserving the right to draft exceptions and limitations
- explicitly considering the long-term consequences for the public interest and the domestic IP system in cases where IP demands of other countries are accepted in exchange for obtaining other benefits
- identifying no go areas that are likely to be seldom or never in Australia's interests, such as retrospective extensions of IP rights
- conducting negotiations, as far as their nature makes it possible, in an open and transparent manner and ensuring that rights holders and industry groups do not enjoy preferential treatment over other stakeholders.



FICPI Response to Recommendation 17.2

FICPI Australia is generally supportive of the principles, although since IP can be an important plank to bilateral and regional trade agreements, it may be difficult to exclude them, especially if it is necessary to uphold an obligation Australia has to a multilateral agreement and requires its observance in the bilateral or regional trade agreement being negotiated.

Observance of the problems that could arise were recognised first-hand where certain industry groups could unduly effect the balance of bilateral or regional trade agreement negotiations out of the distinct ignorance of the importance of international harmonisation of IP law and Australia's informed participation in being a major contributor to bringing about this harmonisation in the interests of its own economy and export market.

Many of the recommendations appear to be constructive and FICPI Australia would be very interested in participating with a view to assisting the Australian government and the IP policy group as a channel for FICPI International's own deliberations in this complex area, balanced against Australia's own national interests. In this regard, FICPI International has often worked for many years and even decades in attempting to arrive at a best practice position that takes into account the interests of not only major developed countries and regions, but also developing countries and regions from a common IP perspective, rather than a political one, where all member countries have an equal say.

Chapter 18: International cooperation in IP

RECOMMENDATION 18.1

The Australian Government should:

- pursue international collaborative efforts to streamline IP administrative and licensing processes separately from efforts to align standards of IP protection. In so doing, it should consider a range of cooperative mechanisms, such as mutual recognition
- use multilateral forums when seeking to align standards of protection.

FICPI Response to Recommendation 18.1

FICPI Australia is aware of the active and important role that IP Australia already plays in this area and is supportive of the Australian government continuing in this manner, albeit by a different group, depending upon the implementation of Recommendation 17.1.

FICPI Australia appreciates the significant balancing effect that Australian involvement with international collaborative efforts can have on creating good policy-making and processes that ensure the interests of Australian citizens and other similar and small size economies, which are in the majority, but which are outside of the more nationalistic



interests of larger size economies.

FICPI Australia strongly supports the continuation of these efforts for the benefit of not only our own national, but also the interests of the world economy. That said, FICPI Australia considers it essential for the relevant body representing the government to closely consult with the IP professions and IP stakeholders to ensure appropriate input to formulate IP policy and positioning that is in both its national and international interests, and is not lopsided to favour one partisan group over another.

RECOMMENDATION 18.2

The Australian Government should play a more active role in international forums on intellectual property policy — areas to pursue include:

- calling for a review of the TRIPS Agreement (under Article 71.1) by the WTO
- exploring opportunities to further raise the threshold for inventive step for patents
- pursuing the steps needed to explicitly allow the manufacture for export of pharmaceuticals in their patent extension period
- working towards a system of eventual publication of clinical trial data for pharmaceuticals in exchange for statutory data protection
- identifying and progressing reforms that would strike a better balance in respect of copyright scope and term.

FICPI Response to Recommendation 18.2

Whilst this recommendation may be seen to be a corollary of Recommendation 18.1, FICPI Australia considers the recommendation to be a perfect example of how partisan views can influence a supposedly independent body such as the PC to arrive at illogical and incoherent initiatives that are strongly biased in favour of one lobby group or another and lack balancing a perception of what is in Australia's national best interests with its international interests.

As indicated in our own submissions, we consider the PC to have gotten its conclusions horribly wrong out of undue influence of one particular lobby group or self-interested industry group, and sheer ignorance of the IP system.

Therefore, FICPI Australia considers it absolutely essential for the Australian government to receive balanced input on policy-making from the IP professions and stakeholders in the formulation of policy and recommendations to avoid some of the embarrassing conclusions reached in the Inquiry report.



Chapter 19: Compliance and enforcement of IP rights

RECOMMENDATION 19.2

The Australian Government should introduce a specialist IP list in the Federal Circuit Court, encompassing features similar to those of the United Kingdom Intellectual Property Enterprise Court, including limiting trials to two days, caps on costs and damages, and a small claims procedure.

The jurisdiction of the Federal Circuit Court should be expanded so it can hear all IP matters. This would complement current reforms by the Federal Court for management of IP cases within the National Court Framework, which are likely to benefit parties involved in high value IP disputes.

The Federal Circuit Court should be adequately resourced to ensure that any increase in its workload arising from these reforms does not result in longer resolution times.

The Australian Government should assess the costs and benefits of these reforms five years after implementation, also taking into account the progress of the Federal Court's proposed reforms to IP case management.

FICPI Response to Recommendation 19.2

FICPI Australia is supportive of the recommendation, but emphasises that the Federal Circuit Court needs to be bolstered and reinforced to ensure it faithfully encompasses the features of the UK Intellectual Property Enterprise Court to replicate its success, having due regard to the interests of Australian SMEs and industry, which are of a lesser size and income in the main than their UK counterparts.