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INTELLECTUAL PROPERTY

The Case For IP Changes – Productivity Commission Intellectual Property Report

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The Productivity Commission Enquiry Report on *Intellectual Property Arrangements* was presented to Parliament on 20 December 2015 following a long period of consultation and many submissions.

The Overview of the Report commences:

Intellectual property (IP) arrangements offer opportunities to creators of new and valuable knowledge to secure sufficient returns to motivate their initial endeavour or investment.

However, this initial recognition of the value of IP in the Report is substantially tempered by the Commission's approach and its overarching objective: *to maximise well-being of Australians and the Goal:*

That the IP system provides appropriate incentives for innovation, investment and the production of creative works while ensuring it does not unreasonably impede further innovation, competition, investment and access to goods and services.

The Commission's view, illustrated in headings such as "*But IP rights can lead to IP wrongs*", is that some IP rights are not always necessary and:

The goal of IP policy should be to achieve a balance between the incentive to create and the risk of damaging the productive use of new ideas through over-protection, while also recognising that Australia's IP arrangements form part of a global system.

The Report is available at: <http://www.pc.gov.au/inquiries/completed/intellectual-property/report>. However, the report is 766 pages (9750 Kb PDF) and most people will probably prefer to look at the Overview which is available at the same place and is a mere 41 pages (547 Kb PDF).

Commission Recommendations

Having the regard to the Commission's stated objective and goal, it is not surprising that the recommendations for reforms that are made in the Report contain many restrictions on, or removals of, existing IP rights. It is apparent that the Commission would like to have recommended further measures, but it recognised that:

... IP arrangements are not a blank slate. Many aspects of Australia's IP arrangements have come about, or been strengthened, to give effect to commitments in international agreements.

The recommendations of the Committee are summarised in Table 1 of the Overview and are contained in the *Recommendations and findings* section of the Report. Some of the recommendations relate to principles which the Commission believes should be adopted by the Government and Government agencies, such as IP Australia, in formulating intellectual property policy and in administering patent and other IP systems.

Some of the recommendations which relate to specific IP rights are summarised below (this is only a selection and reference should be made to the Overview and the Report for all of the recommendations, and for details).

Patents

- An objects clause should be inserted in the *Patents Act 1990 (Cth)* to describe the suggested purpose of the legislation with a view to guiding its application

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and so that it “*should balance over time the interests of producers, owners and users of technology*” (Recommendation 7.1).

- The Act could be amended to increase the threshold for an *inventive step* (Recommendation 7.2).
- The innovation patent system should be abolished (Recommendation 8.1).
- Although the Draft Report of the Commission indicated a clear case to exclude business methods and software from patentable subject matter for patents, this recommendation was not made in the final Report, as it was considered that the inclusion of an objects clause in the Act would provide a proper balance (Finding 9.1).

Copyright

- Replace the *fair dealing* exceptions in the *Copyright Act 1968 (Cth)* with a broad and open-ended *fair use* exception (Recommendation 6.1).
- Repeal *parallel import* restrictions for books (Recommendation 5.3).
- Amend the Act so that it is clearly not an infringement for consumers to circumvent *geo-blocking* technology.

Trade Marks

- Amend the *Trade Marks Act 1995 (Cth)* to reduce the period

before which new trade mark registrations can be challenged for non-use from 5 years to 3 years (Recommendation 12.1).

- Amend the Act to remove the presumption of registrability in assessing whether a trademark could be misleading or confusing at application (Recommendation 12.1).
- Make further amendments to ensure that *parallel imports* of trademark goods do not infringe an Australian registered trade mark (Recommendation 12.1).
- Require IP Australia to introduce stricter measures for registration of trademarks containing geographical references (Recommendation 12.1).
- Link the trademark database and the ASIC database and registration portal to provide a warning if a business or company name registration may infringe a registered trademark (Recommendation 12.1).

Competition Law

- Repeal section 51 (3) of the *Competition and Consumer Act 2010 (Cth)* (formerly the *Trade Practices Act*) (Recommendation 15.1). This is a provision of the Act which is intended to ensure that the exercise of rights by the holders of some IP rights is not a contravention of the Act. It is likely that many would assert that the section is obscure in its operation should be amended

to make it clearer that exercise of IP rights is not a contravention. The Commission in its recommendation suggests that the Australian Competition and Consumer Commission should “issue guidance on the application” of the Act, but this is not likely to provide much comfort to holders of IP rights.

The Productivity Commission Report is just that, a report, and the Australian Government is considering its response to the report and is seeking further feedback (<https://www.communications.gov.au/departmental-news/release-productivity-commissions-intellectual-property-report>).

The Commission obviously anticipates some resistance to its recommendations, particularly in the context of Australia’s international obligations, and indicates that its reform approach “*requires a dedicated reform champion with resolve to pursue change in the face of strong vested interests*”. It will be interesting to see the response of the Government when it has received further submissions.



MORE INFO

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