

Submission on behalf of:

The Intellectual Property Program Educators and Researchers

Faculty of Law, University of Technology Sydney

To:

The Productivity Commission regarding

Intellectual Property Arrangements Draft Report April 2016

June 2016

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Intellectual Property Arrangements Draft Report April 2016 (Draft Report) Submission to the Productivity Commission

Introduction

This submission is made by the above educators and researchers in the Postgraduate Intellectual Property Program of the University of Technology Sydney, Faculty of Law, being:

- legal academics and practitioners as well as a registered patent and trade marks attorney, with knowledge of, and interest in, intellectual property law;
- creators of copyright works; and,
- users of intellectual property both in our capacity as educators and researchers and in our personal capacities as consumers.

We would like to express our concern regarding the various gaps in the analysis presented in the Draft Report and will elaborate on these below. But first it is important to recognise that the potential impact of particular proposed recommendations may in fact counter current government policy to develop Australia into an innovation nation through the initiatives provided in *The Ideas Boom* innovation plan.

1. Industry Contribution

The Draft Report focusses on Australia being a net importer of intellectual property and therefore should not promote a strong intellectual property system. This ignores the contribution that Australia's copyright industries have made to the Australian economy

Generated economic value of \$111.4 billion, the equivalent of 7.1 per cent of gross domestic product (GDP), which is greater than the manufacturing and health care sectors...

Generated just over \$4.8 billion in exports, equal to 1.8 per cent of total exports.⁵

and Australia's overall ranking of 17th out of 141 countries in the 2015 Global Innovation Index.⁶ This is a significant improvement in recent times given Australia was 25th in 2012 and indicates a shift in the Australian economy away from primary industries and towards new technology and innovation industries which rely on intangible property such as intellectual property rights as the basis of their operations. As for the contribution of the pharmaceutical industry in Australia, there are

400 locally-owned medical biotechnology firms ... employ[ing] in excess of 40,000 highly-skilled Australians (many of whom work in STEM occupations), generat[ing] around \$2.9 billion in exports each year, invest[ing] over \$1 billion in Research and Development (R&D) – much of it on clinical trials – and deliver[ing] medicines and vaccines that millions of Australians use every day.⁷

⁵ See PwC, *The Economic Contribution of Australia's Copyright Industries 2002 – 2014*, Prepared for the Australian Copyright Council (2015)

⁶ <https://www.globalinnovationindex.org/content/page/gii-full-report-2015/#pdfopener>

⁷ Medicines Australia, *Submission to the Productivity Commission's Draft Report on Intellectual Property (IP) Arrangements in Australia 2016*, 5-6.

Further, it has been estimated that the value of the intellectual property (IP) owned by companies in the ASX100 is in excess of \$280 billion, comprising of: Brand related IP of around \$120 billion, and Technology related IP of around \$160 billion.⁸ This represents around 16% of GDP.⁹

2. International Obligations

Although there are a number of references made to the constraints of international law, a number of recommendations are directly inconsistent with our bilateral or multilateral treaty obligations.

For example at page 163, while there is recognition of International Obligations, the recommendations do not take them into account. There has not been adequate consideration of those obligations, notwithstanding the discussion on Australia's international obligations in IP in Chapter 17.

There needs to be recognition as to where the recommendations are inconsistent with relevant treaty obligations and specific reference to the relevant treaties ought to be made.

Where there are inconsistencies in the recommendations with our existing treaty obligations, the report should consider:

- How we should address that inconsistency,
- How the recommendations may affect the rights and interests of Australian inventors, authors and creators who seek to protect and exploit their works internationally and
- How this should inform our future negotiations of international treaties that engage IP obligations.

What do these recommendations specifically mean in relation to our treaty obligations?

Examples of this failure to take account of Australia's International Obligations include:

- the discussion in Chapter 4 and draft findings 4.1 and 4.2 on the term of copyright protection compared to Australia's treaty obligations under the Berne Convention and TRIPS ;
- the discussion in Chapter 5 and Recommendation 5.1 on the question of geoblocking circumvention is inconsistent with Australia's treaty obligations;
- the proposal in Chapter 11 to restrict the number of trade marks applications and narrow the classes applied for on the basis of "cluttering". This is inconsistent with Australia's obligations under the Madrid Protocol. This proposal would affect both incoming international trade mark applications and Australian applications for international trade marks.

⁸ Griffith Hack, *The Value of Australian Intellectual Property*, February 2013, 6.

⁹ In 2013 GDP was reported as 1560.39 USD Billion by Trading Economics, <http://www.tradingeconomics.com/australia/gdp>

Chapter 2 The analytical framework

DRAFT RECOMMENDATION 2.1

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

- *effectiveness*, which addresses the balance between providing protection to encourage additional innovation (which would not have otherwise occurred) and allowing ideas to be disseminated widely
- *efficiency*, which addresses the balance between returns to innovators and to the wider community
- *adaptability*, which addresses the balance between 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.

The principles espoused in Draft Recommendation 2.1 are economics based. These principles are cast too narrowly and do not take into account broader public interest issues. The principle of public interest should be recognised, as this is a broader interest than references to dissemination of ideas and providing efficiency returns to the community.

Arguably the above principles should also reflect the fact that intellectual property legislation is now subject to human rights parliamentary scrutiny: *Human Rights (Parliamentary Scrutiny) Act 2011* (Cth). This is often relevant to the principle of public interest.

Further, the High Court, in *D’Arcy v Myriad*,¹⁰ has recently explained when the court can take into consideration public policy arguments when determining the scope of legislation.

When a new class of claim involves a significant new application or extension of the concept of "manner of manufacture", other factors including factors connected directly or indirectly to the purpose of the Act may assume importance. They include:

3. *Whether patentability would be consistent with the purposes of the Act and, in particular:*
 - 3.1. *whether the invention as claimed, if patentable under s 18(1)(a), could give rise to a large new field of monopoly protection with potentially negative effects on innovation;*
 - 3.2. *whether the invention as claimed, if patentable under s 18(1)(a), could, because of the content of the claims, have a chilling effect on activities beyond those formally the subject of the exclusive rights granted to the patentee;*
 - 3.3. *whether to accord patentability to the invention as claimed would involve the court in assessing important and conflicting public and private interests and purposes.*
4. *Whether to accord patentability to the invention as claimed would enhance or detract from the coherence of the law relating to inherent patentability.*
5. *Relevantly to Australia's place in the international community of nations:*
 - 5.1. *Australia's obligations under international law;*
 - 5.2. *the patent laws of other countries.*
6. *Whether to accord patentability to the class of invention as claimed would involve law-making of a kind which should be done by the legislature.*¹¹

¹⁰ *D’Arcy v Myriad Genetics Inc* [2015] HCA 35, 7 October 2015.

¹¹ French CJ, Kiefel J, Bell J Keane J, *D’Arcy v Myriad Genetics Inc* [2015] HCA 35, 7 October 2015, at para 28.

This affirms the need for a holistic analysis including giving consideration to international obligations, our trading partners, the impact on further innovation and public and private interests.

Further, 'effectiveness' as defined above is too narrow and perhaps couched in patent terms ignoring the broader creative industries, consumer rights and public interests. Specifically there needs to be recognition of trade mark interests such as competition between rights owners, consumer protection and dealing with misleading and deceptive conduct.

The above principles also fail to take into account Australia's long term commitment to international law and international obligations. As noted by the High Court in *D'Arcy v Myriad*, Australian intellectual property law exists within an international framework which comes with its own set of principles and expectations. For example, consider the objectives and principles espoused in the Agreement on Trade Related Aspects of Intellectual Property:

Article 7 Objectives

The protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.

Article 8 Principles

1. Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.

2. Appropriate measures, provided that they are consistent with the provisions of this Agreement, may be needed to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology.

Chapter 4 Copyright term and scope

DRAFT FINDING 4.1

Australia's copyright system has expanded over time, often with no transparent, evidence-based policy analysis demonstrating the need for, or quantum of, new rights.

The amendments to the Copyright Act over time have been in order to comply with Australia's international obligations and quite often involved introducing new exemptions and flexibilities while clarifying existing rights or conferring specific new rights to deal with technological advancements that have been designed to infringe copyright works.

DRAFT FINDING 4.2

While hard to pinpoint an optimal copyright term, a more reasonable estimate would be closer to 15 to 25 years after creation; considerably less than 70 years after death.

Again we refer to Australia's international obligations¹² but also note that copyright terms vary according to the nature of the subject matter ranging from 25 years after first publication to life of the author plus 70 years. See the comprehensive table on page 70 of Reynolds, Stoianoff & Roy, *Intellectual Property – Text and Essential Cases*, 5th Edition, The Federation Press 2015.

Chapter 5: Copyright accessibility: licensing and exceptions

DRAFT RECOMMENDATION 5.1

The Australian Government should implement the recommendation made in the House of Representatives Committee report *At What Cost? IT pricing and the Australia tax* to amend the *Copyright Act 1968* (Cth) to make clear that it is not an infringement for consumers to circumvent geoblocking technology.

The Australian Government should seek to avoid any international agreements that would prevent or ban consumers from circumventing geoblocking technology.

We are in agreement to the extent that geoblocking is merely a market tool. It is necessary to distinguish between types of geoblocking. It is important to recognise that the costs of production and distribution from one country to the next will vary and in many cases quite markedly depending on the nature of the product that is protected under intellectual property rights. Geoblocking may be prudent for the purposes of safeguarding the continuation of a local industry which does not have the economies of scale or cheaper labour force and capital that perhaps other jurisdictions have. However, this must be distinguished from the practice of geoblocking between nations/regions when this is implemented not as a result of differing costs of production, such as digital goods and services available on the internet, but simply as a recognition that it is thought one market will pay more than another. In such a situation, geoblocking would be used for pure rent-seeking purposes – that is a profit seeking practice - which is unfair and unjustifiably discriminatory. However, we do note that there may be other issues that arise in relation to territorial streaming, for example, territorially limited digital rebroadcasting such as ABC iview.

Given the relevance of the market to this area and the desire to avoid abuse of market power, the recommendation may be better worded to replace the reference to “geoblocking technology” to “technological protection measures that control geographic market segmentation”.

However it should be noted that the discussion in Chapter 5 and Recommendation 5.1 on the question of geoblocking circumvention is inconsistent with Australia's treaty obligations under Article 11 of the WIPO Copyright Treaty and with article 17.4.7 of the Australia –US Free Trade Agreement.¹³

¹² See discussion above under “Introduction”.

¹³ WIPO Copyright Treaty of 20 December 1996 at http://www.wipo.int/wipolex/en/treaties/text.jsp?file_id=295166. Article 12 of the WIPO Copyright Treaty

DRAFT RECOMMENDATION 5.3

The Australian Government should amend the *Copyright Act 1968* (Cth) (Copyright Act) to replace the current fair dealing exceptions with a broad exception for fair use.

The new exception should contain a clause outlining that the objective of the exception is to ensure Australia's copyright system targets only those circumstances where infringement would undermine the ordinary exploitation of a work at the time of the infringement. The Copyright Act should also make clear that the exception does not preclude use of copyright material by third parties on behalf of users.

The exception should be open ended, and assessment of whether a use of copyright material is fair should be based on a list of factors, including:

- the effect of the use on the market for the copyright protected work at the time of the use
- the amount, substantiality or proportion of the work used, and the degree of transformation applied to the work
- the commercial availability of the work at the time of the infringement
- the purpose and character of the use, including whether the use is commercial or private use.

The Copyright Act should also specify a non-exhaustive list of illustrative exceptions, drawing on those proposed by the Australian Law Reform Commission.

The accompanying Explanatory Memorandum should provide guidance on the application of the above factors.

The justifications for a 'fair use' exception have been comprehensively addressed in the ALRC Report 122, *Copyright and the Digital Economy*, November 2013, and such an exception is likely to be easier for the public to understand than the existing fair dealing provisions which are numerous and often complicated. Accordingly, we draw attention to page 22 of the ALRC Report:

Concern about uncertainty comes from an important and positive feature of fair use— its flexibility. Fair use differs from most current exceptions to copyright in that it is a broad standard that incorporates principles, rather than a detailed prescriptive rule. Law that incorporates principles or standards is generally more flexible than prescriptive rules, and can adapt to new technologies and services. A fair use exception would not need to be amended to account for the fact that consumers now use tablets and store purchased copies of copyright material in personal digital lockers in the cloud.

Although standards are generally less certain in scope than detailed rules, a clear principled standard is more certain than an unclear complex rule. This Report

also obliges Australia to provide adequate and effective legal remedies against the removal or alteration of any electronic rights management information without the authority of the rights owner.

recommends replacing many complex prescriptive exceptions with one clear and more certain standard—fair use.

The standard recommended by the ALRC is not novel or untested. Fair use builds on Australia's fair dealing exceptions, it has been applied in US courts for decades, and it is built on common law copyright principles that date back to the eighteenth century. If fair use is uncertain, this does not seem to have greatly inhibited the creation of films, music, books and other material in the world's largest exporter of cultural goods, the United States.

Fair use also facilitates the public interest in accessing material, encouraging new productive uses, and stimulating competition and innovation. Fair use can be applied to a greater range of new technologies and uses than Australia's existing exceptions. A technology-neutral open standard such as fair use has the agility to respond to future and unanticipated technologies and business and consumer practices. With fair use, businesses and consumers will develop an understanding of what sort of uses are fair and therefore permissible, and will not need to wait for the legislature to determine the appropriate scope of copyright exceptions.

Fair use is technology neutral, and it is not confined to particular types of copyright material, nor to particular rights. However, when it is applied, fair use can discriminate between technologies, types of use, and types of copyright material. Uses with some technologies may be found to be fair, while uses with other technologies—perhaps that unfairly encroach on rights holders' markets—may not. This is one of the strengths of fairness exceptions. Fair use is a versatile instrument, but it is not blunt.

Given that 'fair use' is intended to be a flexible defence, we draw attention to Indigenous (Aboriginal and Torres Strait Islander Peoples') cultural production in this context. A 'fair use' exception needs to take into account the special relationship between Indigenous communities and their cultural production as any use by a third party may be considered an affront to that community's culture and law.

To this end we refer to the four fairness factors that the ALRC proposed would serve to guide the operation of the fair use exception.¹⁴ In particular, we suggest that the Second Factor - Nature of the copyright work¹⁵ – be utilised to provide guidance on dealing with Indigenous cultural production. This will require broad consultation with Aboriginal and Torres Strait Islander communities.

In addition, any amendment should make clear that any fair use is expressly subject to the moral rights regime in Part IX Copyright Act, including, in particular, the right of integrity of authorship that works are not subject to derogatory treatment. Indeed it may be said that respect for Indigenous works is a sub-set of the broader right of integrity of authorship.

¹⁴ ALRC Report 122, Copyright and the Digital Economy, November 2013, Chapter 5.

¹⁵ Ibid, 135-137.

Chapter 6: Patent system fundamentals

DRAFT RECOMMENDATION 6.1

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 Australian Government should state the following in the associated Explanatory Memorandum:

- the intent of this change is to better target socially valuable inventions
- the test should be applied by 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.

The Australian Government should explore opportunities to further raise the overall threshold for inventive step in collaboration with other countries in international forums.

The *Raising the Bar* amendments to the Patents Act 1990 have adequately increased the overall threshold for patentability by significantly increasing the prior art base. These amendments need to be tested in the courts in order to understand their scope and then assess whether further amendment is necessary. The level of invention currently required in Australia appears to be adequate to meet Australia's present needs and comparable with the "non-obvious" requirement in the United States.¹⁶ However we note the Australian Industry Group's preference for the proposed simplification of the definition for inventive step which is in line with the test utilised by the European Patent Office.

What this report has failed to do is consider the criteria of 'manner of manufacture' in the question of appropriate subject matter for patentability. This is one of the key judicial issues that have raised the question of public policy and whose role it is to take it into consideration.

DRAFT RECOMMENDATION 6.2

The Australian Government should incorporate an objects clause into the *Patents Act 1990* (Cth) (Patents Act). The objects clause should describe the purposes of the legislation as being to enhance the wellbeing of Australians by providing patent protection to socially valuable innovations that would not have otherwise occurred and by promoting the dissemination of technology. In doing so, the patent system should balance the interests of patent applicants and patent owners, the users of technology — including follow-on innovators and researchers — and Australian society as a whole.

The Australian Government should amend the Patents Act such that, when making a decision in relation to a patent application or an existing patent, the Commissioner of Patents and the Courts must have regard to the objects of the Patents Act.

¹⁶ In this regard the Australian High Court has observed that a "*scintilla of invention*" remains sufficient in Australian law to support the validity of a patent" and referred to an earlier Australian decision that stated that "there must be 'some difficulty overcome, some barrier crossed' which ... accords with the requirement in the United States that for an invention to be 'non-obvious' it must be beyond the skill of the calling". (*Lockwood Security Products Pty Ltd v Doric Products Pty Ltd (No 2)* - (2007) 72 IPR 447 at [52]).

It should be noted that this recommendation has already been suggested and IP Australia did not implement the recommendation back in 2013. We refer to the September 2013 Submission of Dr Cahill and Professor Stoianoff in response to proposed amendments to the Patents Act 1990 (the Patents Act) to introduce an Objects Clause and an exclusion from patentability for an invention the commercial exploitation of which would be wholly offensive to a reasonable and informed member of the public.¹⁷ In particular, we acknowledge the following reasoning from page 4 of that submission:

The underlying purpose of the Patents Act 1990 is to regulate the granting of limited term monopolies for exploitation of subject matter that meets the conditions specified in the Act for the granting of such a monopoly, does not offend any of the exclusions or limitations specified with respect to the granting of such a monopoly, and is consistent with relevant international obligations to which Australia has acceded. This purpose is self-evident and express statement of it in the Patents Act 1990 would be superfluous. Assertion that the purpose of the Patents Act 1990 is something more than or different from this purpose is to burden this Act with tasks beyond its scope.

To expect the Commissioner of Patents, or more likely a patent examiner, to take into account an objects clause which requires an assessment of the social value of an invention is beyond the training and expertise of the examiner. Examiners are required to be trained in science or engineering and are not required to be trained in sociology, moral and religious studies or economics which would be necessary for carrying out such a value judgment. The Cahill and Stoianoff submission explains the issues involved.¹⁸

Further, an objects clause would be inconsistent with the recommendation to remove software and business methods patents as these types of inventions are likely to be socially valuable innovations.

DRAFT RECOMMENDATION 6.3

The Australian Government, with input from IP Australia, should explore the costs and benefits of using higher and more pronounced renewal fees later in the life of a standard patent, and making greater use of claim fees to limit the breadth of patent protection and to reduce strategic use of patents.

The Australian Government should seek international cooperation on making greater use of patent fees to help ensure that patent holders are not overcompensated and to limit the costs of patent protection on the community.

As we will demonstrate below, many of the patents held by Australia inventors/businesses in some industries are held by SMEs. Obtaining patent protection in any event is a costly process and when one considers that in the creative industries that may be the only form of property held by the business, to place an even greater financial burden on that business would be counterproductive to Australian industry and the economy more broadly.

¹⁷ https://www.ipaustralia.gov.au/sites/g/files/net856/f/cahill_and_stoianoff_-_submission_on_patentable_subject_matter.pdf

¹⁸ Ibid.

Additional Comment

One of the problems with the current Australian *Patents Act 1990* is the substantial costs associated with revoking a patent. Currently, the revocation procedure under section 138 of the *Patents Act 1990* (Cth) requires an application to be made to the court by the Minister or any other person for an order to revoke a patent on the grounds specified in section 138. Revoking a patent before the courts is generally speaking a very expensive (and often unproductive) exercise that ties up a lot of Court time. Whilst the *Raising the Bar* amendments alleviated this to a significant extent by amending the re-examination provisions to include all the substantive grounds considered during examination¹⁹, the re-examination procedure, being an *ex parte* procedure, inherently has limitations when it comes to revoking a patent. Whilst we do not advocate that the current revocation and re-examination procedures be changed we do recommend the introduction of the ability to conduct revocation proceedings for a standard Australian patent before the Commissioner of Patents into the *Patents Act 1990* (Cth). We believe the introduction of these provisions would have the advantage of being more economical than the current revocation procedure and would not tie up valuable court time (subject to any appeal to the court from a decision of the Commissioner) and, as such, would have flow on productivity benefits for the Australian public. We note that New Zealand has already provided for two different forums for revocation proceedings in their *Patents Act 2013* (NZ).²⁰

Chapter 7: Innovation patents

DRAFT RECOMMENDATION 7.1

The Australian Government should abolish the innovation patent system.

Recommendation 7.1 fails to address the cost of the system for small business and start-ups. Given the current government policy to encourage start-ups, removing innovation patents effectively forces these companies to proceed with full patent protection. This recommendation offers no solution for resolving the extremely high costs associated with obtaining patents, ignores objectives of the reform and does not foster innovation. What is the alternative?

If we are to consider how to improve the innovation patent system, part of the problem with this regime is that there is no pre-grant examination and consequently, the register gets filled up with worthless innovation patents. If a 3rd party wants to find out what the form of the certified claims of an innovation patent is going to be they may request examination and pay half the examination fee (\$250) and the patentee must pay half the fee (\$250) within one month of being invited to do so by the Commissioner, or the innovation patent ceases (reg. 22.2D(1)-(2)). Why not consider reducing

¹⁹ s. 101 Patents Act 1990 (Cth).

²⁰ Under ss 112(1)-(2) of the New Zealand Patents Act 2013 any person may apply to the Commissioner (or the court) to revoke a patent on the same grounds as the available pre grant opposition grounds specified under s 114(1)(a) – (f):

‘112 Revocation of patent

(1) *The Commissioner or the court may, on an application under this section, revoke a patent on any of the grounds set out in section 114.*

(2) *An application under this section may be made by any person.’*

the amount required to be paid by a third party to a token amount, e.g. \$25, to reduce the burden on the public with the patentee required to pay the remainder? This suggestion puts a compromise into the mix that will reduce the public burden. Further, why grant an innovation patent before it is certified? It would make more sense to allow an innovation patent application (and any divisionals thereof) to maintain its pendency for a limited period (say 2 to 3 years from filing) and if examination was not requested within this period and if allowance was not obtained within a short period from issuance of the Examiner's first report (say 9 months) the innovation patent application (and any divisionals thereof) lapses automatically. With this approach, together with the introduction of the possibility of a post-examination pre-grant re-examination procedure, the register would not be filled up with worthless innovation patents which create unnecessary uncertainty as is currently the case.

Chapter 8: Business methods and software patents

DRAFT RECOMMENDATION 8.1

The Australian Government should amend s. 18 of the *Patents Act 1990* (Cth) to explicitly *exclude* business methods and software from being patentable subject matter.

The Draft Report²¹ states:

The Commission considers that the lack of evidence that BM&S patents encourage new, valuable innovation (and the weight of evidence that they can be used to block the implementation of new ideas) means that BM&S should be excluded from being patentable subject matter. Doing so would also minimise the ongoing legal uncertainty, and bring Australia into alignment with the approaches taken in other jurisdictions without impinging on international obligations.

However, a quick and simple name search of Auspat shows that some of the most innovative software/computer based companies in the world are regularly filing Australian patent applications in the software/computer hardware space, including, for example, Facebook, Uber, Google, Amazon, Microsoft Technology Licensing, Paypal and Apple.

Further, examples of notable innovative Australian originating companies in the software area that have made use of the patent system can be readily found:

- a. Aconex, a billion dollar market capitalised Australian software based company in the top 200 public companies in Australia which sells a cloud collaboration platform for the global construction industry²² has filed four Australian patent applications.
- b. Atlassian, with an estimated market capitalisation of 5.8 billion²³, is an Australian originating software based company now based primarily in San Francisco in the United States with

²¹ Australian Government, *Productivity Commission Draft Report*, April 2016, page 250.

²² Article in the Sydney Morning Herald on 23 March 2016 by Tony Boyd *Aussie software company started in a kitchen leads the world*, <http://www.afr.com/brand/chanticleer/aussie-software-company-started-in-a-kitchen-leads-the-world-20160323-gnplko>

²³ See <http://techcrunch.com/2015/12/10/atlassian-closes-up-32-valuing-the-company-at-5-8b/>

offices in Sydney, Austin, Manila and Amsterdam.²⁴ It has filed a number of software related patent applications in the United States (but not Australia) since their major clients are based primarily there.

- c. Ric Richardson the Australian inventor of a software encryption program and the founder of Uniloc reportedly settled with Microsoft for millions of dollars because Uniloc owned a US software patent.²⁵ Uniloc has also filed over 24 patent applications in Australia (mainly innovation patents).

The above three examples have been provided for illustration purposes only. Other less well known examples can be readily found on Auspat. Given that the evidence shows some major originating Australian software/computer based companies have made use of the patent system and given that recent decisions of the Australian courts that have determined the patentability of software based patents under the manner of manufacture requirement^{26,27} are substantially consistent with the types of software patents patentable in Europe and the United States²⁸ the preliminary evidence weighs in favour of maintaining patentability of certain types of software and business methods rather than eliminating this possibility altogether as Draft Recommendation 8.1 proposes. In fact recent case law in the United States has led to the United States Court of Appeals for the Federal Circuit specifically acknowledging that software can make non-abstract improvements to computer technology just as hardware can, and that claims directed to software, as opposed to hardware, also are not inherently abstract and therefore subject-matter eligible for patenting.²⁹ In a memorandum to the Patent Examining Corps, the USPTO has noted to examiners that “[t]he fact that a claim is directed to an improvement in computer-related technology can demonstrate that the claim does not recite a concept similar to previously identified abstract ideas”.³⁰

²⁴ See <https://www.atlassian.com/>

²⁵ <http://www.news.com.au/technology/ric-richardson-wins-multi-million-dollar-legal-battle-with-microsoft/story-e6frfro0-1226300488597>

²⁶ *Research Affiliates LLC v Commissioner of Patents* [2014] FCAFC 150

²⁷ *Commissioner of Patents v RPL Central Pty Ltd* [2015] FCAFC 177.

²⁸ Whilst the USPTO is restricting the types of software patents granted following the US Supreme Court decision in *Alice Corp. v. CLS Bank International*, 573 U.S. ___, 134 S. Ct. 2347 (2014), the US Courts have confirmed post this decision that software patents are patentable in the United States provided they meet the requisite criteria – see, for example: (1) *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014); (2) *California Institute of Technology v. Hughes Communications Inc et al*, case number 2:13-cv-07245 in the U.S. District Court for the Central District of California; and (3) *Enfish v. Microsoft Corp.*, 2015-1244 (Fed. Cir. May 12, 2016).

²⁹ ‘We do not read *Alice* to broadly hold that all improvements in computer-related technology are inherently abstract and, therefore, must be considered at step two. Indeed, some improvements in computer-related technology when appropriately claimed are undoubtedly not abstract, such as a chip architecture, an LED display, and the like. Nor do we think that claims directed to software, as opposed to hardware, are inherently abstract and therefore only non-abstract properly analyzed at the second step of the *Alice* analysis. Software can make improvements to computer technology just as hardware improvements can, and sometimes the improvements can be accomplished through either route. We thus see no reason to conclude that all claims directed to improvements in computer-related technology, including those directed to software, are abstract and necessarily analysed at the second step of *Alice*, nor do we believe that *Alice* so directs. Therefore, we find it relevant to ask whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea, even at the first step of the *Alice* analysis.’ *Enfish, LLC v. Microsoft Corp.*, No. 2015-1244 (Fed. Cir. May 12, 2016).

³⁰ Deputy Commissioner for Patent Examination Policy, Memorandum to the Patent Examining Corps United States Patent and Trade Mark Office, *Recent Subject Matter Eligibility Decisions (Enfish, LLC v. Microsoft Corp. and TL! Communications LLC v. A. V Automotive, LLC)*, 16 May 2016.

As to the Australian software-related patent scene, research carried out in 2011³¹ revealed that around 10% of granted software-related patents were held by Australian SMEs, in particular, Proprietary Limited companies.³² This is significant since patent statistics from year to year show that at most Australian businesses and individuals only ever account for 10% of patent ownership in Australia.³³ Further, the study revealed the broad range of fields of technology in which software was part of the invention being patented.³⁴ The clear front runner from this dataset revealed the information and communication technology industry made the most use of software-related inventions.³⁵ But there are other fields relevant to Australian owned technology claiming software-related inventions, including manufacturing and mining, the printing industry, the gaming industry and the biotechnology/agritechnology/medico/veterinary industries. Key examples from these biological sciences include corporations like Cochlear Ltd which has remained Australian based, and ResMed, now a multinational in over 100 countries having their international headquarters in the US. This data confirms the contribution made by software to a variety of industries in Australia, just as discussed in the report by the Centre for Innovative Industry Economic Research Consortium³⁶ and in the 2004 Australian Commonwealth Government Report, *Knowledge Intensive Service Activities in the Software Industry in Australia*, which noted that specialist software firms accounting for almost 1.3 per cent of Australia's Gross Domestic Product.³⁷

The international patent system acknowledges the legitimacy of software-related and business method fields of technology through the International Patent Classification system, as noted by Stoianoff:

*The IPC Section relevant to information technology is G-Physics, and more specifically, class G06, Computing, Calculating, Counting. Subclass G06F specifically identifies patents for electric digital data processing; group G06F9 covers arrangements for programme control for devices; sub-group G06F9/40 covers arrangements for executing subprogrammes. It is this sub-group which is utilised for what might be termed 'pure softwares'. Meanwhile, sub-group G06F17/60 covered business methods until 2006 when a new subclass was created (G06Q) but still situated patentable business methods in the class of Computing, Calculating, Counting. It should be noted that software related inventions may fall under other sections, classes and groups given that software may be embedded in the patented invention and not be the focus of the invention. In those circumstances, a different IPC will appear at the primary classification despite the invention being software – related.*³⁸

³¹ Natalie Stoianoff with the assistance of Ann Kurts (now Cahill), *The Role of Patent Protection in Key Australian Industries and the Contribution to Economic Development* (University of Technology, 2011).

³² Natalie P. Stoianoff, 'Improving the Patent System to Promote Innovation: An Information Technology Case Study', *Law in Context*, Vol. 29, No. 1, 2013: 26-54. Availability: ISSN: 0811-5796. Available at SSRN: <http://ssrn.com/abstract=2427703>, page 6.

³³ IP Australia, *Australian Intellectual Property Report* (Canberra 2016)

³⁴ *Ibid*, 10.

³⁵ *Ibid*.

³⁶ Centre for Innovative Industry Economic Research Consortium, *The Australian software industry and vertical applications markets: Globally competitive and domestically undervalued*, http://vises.org.au/documents/2007-Houghton_et_al_Australian_Software_Industry_Vertical_Markets_CIIER_DCITA.pdf

³⁷ Australian Government, *Knowledge Intensive Service Activities in the Software Industry in Australia*, 2004, 5.

³⁸ Stoianoff above, n 16, 5.

Clearly further analysis of Australian software-related industries is required before taking the far-reaching and radically extreme step of excluding business methods and software-related inventions from being patentable subject matter.

One of the reasons why there is discussion about excluding computer software from patent protection is because computer software is already protected by copyright. However, cases such as *Data Access v Powerflex* (1999) 202 CLR 1, *Telstra v Phone Directories* (2015) 116 IPR 207 and *JR Consulting v Cummings* (2016) 116 IPR 440 highlight the limitations of copyright protection. First, it does not grant a monopoly, and it is necessary to prove a causal link as well as copying. Second, it only protects the expression and only to a limited extent does it protect the hierarchy, logic and file structure, and does not protect function. Third, it is necessary to prove subsistence in the particular code that is copied, including authorship (which may be problematic when the software code is computer generated and there is no human author).

Any proposal to exclude patent protection of software and business method patents needs to consider the limitations of copyright protection and the possibility that software may not be effectively covered by copyright.

Chapter 9 Pharmaceutical patents

DRAFT RECOMMENDATION 9.1

The Australian Government should reform extensions of patent term for pharmaceuticals such that they are calculated based only on the time taken for regulatory approval by the Therapeutic Goods Administration over and above one year.

The cost of developing a new prescription drug in the United States was reportedly estimated in 2014 as \$US2.558 million and often the process takes longer than a decade.³⁹ Because of the cost involved a large number of new innovative drugs are initially developed in the United States or Europe with regulatory approval being first sought from the US FDA, or a European regulatory agency, where most of the regulatory delays occur because usually it is the office of first request for regulatory approval. Once regulatory approval has been received from one of these large foreign agencies approval is typically sought from regulatory agencies in other countries, such as the Australian TGA, which generally grant marketing approval relatively quickly because most of the necessary detailed investigations have already been carried out by the US FDA or a European equivalent regulatory agency. It would not only be unfair to determine an extension of patent term by ignoring the initial regulatory delay in the country of origin but it would likely discourage innovative pharmaceutical companies from marketing their new pharmaceutical drugs in Australia particularly, when there have been substantial delays in obtaining regulatory approval in their country of origin. This would have the potential to adversely impact the health of Australian consumers since they would have less choice in relation to the latest pharmaceutical drugs.

³⁹ 'Developing a new prescription medicine that gains marketing approval, a process often lasting longer than a decade, is estimated to cost \$2,558 million, according to a new study by the Tufts Center for the Study of Drug Development.' (*Cost to Develop and Win Marketing Approval for a New Drug Is \$2.6 Billion, According to the Tufts Center for the Study of Drug Development*, Clinical Trials Week (Dec. 1, 2014): p48).

DRAFT RECOMMENDATION 9.2

Regardless of the method of calculating their duration (draft recommendation 9.1), extensions of term in Australia should only be granted through a tailored system which explicitly allows for manufacture for export in the extension period.

One of the effects of this recommendation would be to discourage innovative pharmaceutical companies from marketing their drugs in Australia, which, as indicated in our response to Draft Recommendation 9.1 would have the potential to adversely impact the health of Australian consumers.

DRAFT RECOMMENDATION 9.3

There should be no extension of the period of data protection, including that applicable to biologics.

Further, in the context of international negotiations, the Australian Government should work with other nations towards a system of eventual publication of clinical trial data in exchange for statutory data protection.

We recommend that further consideration be given to whether an extension of the period of data protection should be available on a needs basis, in order to ensure Australia has something to encourage innovative pharmaceutical corporations to market needed but not necessarily economical drugs in Australia.

Chapter 11: Trade marks and geographical indications

DRAFT RECOMMENDATION 11.1

In order to improve the effectiveness of the trade mark system, the Australian Government should:

- restore the power for the trade mark registrar to apply mandatory disclaimers to trade mark applications, consistent with the recommendation of the Advisory Council on Intellectual Property in 2004
- repeal part 17 of the *Trade Marks Act 1995* (Cth) (Trade Marks Act)
- amend s. 43 of the Trade Marks Act so that the presumption of registrability does not apply to the registration of marks that could be misleading or confusing
- amend the schedule of fees for trade mark registrations so that higher fees apply for marks that register in multiple classes and/or entire classes of goods and services.

IP Australia should:

- 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). Challenges would not extend where endorsements require goods and services to be produced in the area nominated
- in conjunction with the Australian Securities and Investments Commission, link the Australian Trade Mark On-line Search System database with the business registration portal, including to ensure a warning if a registration may infringe an existing trade mark, and to allow for searches of disclaimers and endorsements.

We do not agree with the proposed approach to addressing the problem of “clutter” on the register to restrict the number of marks that can be registered across multiple classes of goods or services under Draft Recommendation 11.1. We question how reducing the number of trade mark applications and the classes under which they can be applied for is beneficial either to Australian trade mark applicants or to international applicants wishing to register their marks in Australia. We also regard the proposal as unworkable in light of Australia’s obligation to permit international trade mark applications for the full width of the international registration of that mark under the Madrid Protocol⁴⁰.

That said, there is a problem in practice with dormant marks which are not in use **remaining** on the Register of Trade Marks. We consider that there are arguments for requiring a declaration of intention to use a trade mark when the application is filed (as is the case in New Zealand). Although we note the benefits of an initial ‘intent to use’ system, we consider the regulation of use to be an important factor influencing clutter. We note that recent research about the pervasiveness of clutter on the UK register comparing the English and European systems to the American proof of use system has concluded that there are ‘likely beneficial effects to trade mark users of proof of use in focusing trade mark goods/services scope onto the owner’s market place use of a registered mark’.⁴¹ We suggest a compromise that requires a declaration of use by registered trade mark owners after registration. This would be desirable after five years of registration when any grace period for non-use has expired.

Alternatively, a more cost-effective and efficient approach would be to require registrants to make this declaration if they decide to renew their registration. This approach could adopt the American requirement of a declaration of continued trade mark use, attaching proof of use of the trade mark for each class in which it is registered, in the three year period preceding renewal.⁴² This should turn the mind of the trade mark owner to the requirement of use, with the expectation that this would encourage them to either use the trade mark to meet these requirements or not proceed with renewal of the mark. The American system also provides for excusable non-use, which may provide some flexibility for this use requirement, where appropriate.⁴³ Excusable non-use parallels the existing defence under s100(c) to revocation of a trade mark for non-use under s94(4) (b) of the *Trade Marks Act 1995*.⁴⁴

The existing procedure under the Act which permits a registered owner to defeat an application under s94(4) for non-use under s100 for revocation of a registered trade mark for non-use can be adapted to cancellation of registration on renewal. In addition, we would recommend that the Registrar should have a discretion to refuse cancellation even where the grounds for cancellation on renewal for non-use appear to be established. This is an analogy with the existing discretion under s101 (3) and (4) to refuse revocation even where the grounds for revocation under s94(4) are made

⁴⁰ Protocol relating to the Madrid Agreement Concerning the International Registration of Trademarks; at http://www.wipo.int/treaties/en/registration/madrid_protocol/

⁴¹ Georg von Graevenitz, Richard Ashmead and Christine Greenhalgh, ‘Cluttering and Non-Use of Trade Marks in Europe’, August 2015, 71 at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/455252/TM-cluttering-report.pdf.

⁴² 37 C.F.R. 2.161.

⁴³ *Ibid.*

⁴⁴ S100(3)(c) allows the registered owner to argue that that circumstances existed that were an obstacle to the use of the trade mark in the relevant period under s94(4)(b); see *Woolly Bull Enterprises Pty Ltd v Reynolds* [2001] FCA 261; 107 FCR 166; at [55] -[56]

out. We would propose that a registered owner could appeal a decision to cancel a registration on renewal for non-use, under the existing rights of appeal to a prescribed court under the Act. We also have specific issues with the recommendation that “in conjunction with the Australian Securities and Investments Commission, link the Australian Trade Mark On-line Search System database with the business registration portal, including to ensure a warning if a registration may infringe an existing trade mark, and to allow for searches of disclaimers and endorsements.”

Currently apart from checking that a business name is not already registered, ASIC does not examine business names for registrability as IP Australia does with trade mark applications. Neither ASIC nor IP Australia should be obliged to offer advice to business name applicants on whether a proposed business name registration might infringe a registered trade mark. This question should be left to the enquiries and due diligence of the applicant for business name registration and to legal advice from practitioners in trade mark law, including trade marks attorneys.

The Register of Trade Marks ATMOSS is already a publically searchable register, accessible without charge to members of the public. The question of whether a business name registration might infringe a registered trade is a complex question of law and fact under s120(1) Trade Marks Act 1995 and one that has generated a substantial body of case law. The question of infringement is dependent inter alia on the context of use of the business name and whether the registered business name is being used as a trade mark. The tests of “substantial identity” and “deceptive similarity” of the alleged infringing marks to a registered trade mark under s10 and s120 *Trade Marks Act 1995* are the same concepts which animate s44 of the Act.

The question of whether a proposed business name might conflict with a mark already in use including with a registered trade mark for the purposes of s44 *Trade Marks Act 1995* can only be safely determined by performing other common law searches in order to detect such marks already in use. This is to avoid the possibility of potential actions for misleading or deceptive conduct under s18 and 29 of the *Australian Consumer Law* and in passing off.

The suggestion that business names applicants should be advised whether their business names might infringe a registered trade would have more force if IP Australia rather than ASIC were to be empowered to offer this advice – at least IP Australia have the benefit of experience in applying the tests of “substantial identity” and “deceptive similarity” in the context of applying the s44 grounds for objection to registration. Neither party however has experience of advising on the question of whether a registered trade mark might be infringed by a business name.

The other issue with involving ASIC in this advice is that their experience in misleading or deceptive conduct cases is not directly applicable to the test for trade mark infringement under s120. The test of liability for misleading or deceptive conduct or for passing off is a higher test which involves a consumer being lead into error by the alleged conduct i.e. to being misled or deceived. In the trade mark law context, it is enough to prove “deceptive similarity” for the purposes of infringement if there is a real tangible danger that a number of persons faced with the allegedly infringing mark might be “caused to wonder” whether the goods or services came from the same trade origin as the registered mark. In this context it is enough that they might entertain a reasonable doubt⁴⁵.

The presence of a high number of dormant marks on the Register of Trade Marks means that linking ATMOSS to the the register of business names is likely to create a high number of “false positives” to intending applicants for business names.

⁴⁵ See s10 *Trade Marks Act 1995* (Cth) and the discussion of the likelihood of deception or confusion in *Registrar of Trade Marks v Woolworths Limited* 45 IPR 411 and *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd*, (1954) 91 CLR 592

The proposal to amend s43 to withdraw the presumption of registrability under s33 of the Trade Marks Act for marks that are misleading or deceptive in use misunderstands the function of s33 of the Act. Section 33 requires IP Australia to accept a trade marks application unless one or more of the grounds for rejection of the application exists (subject to compliance with the formalities of the application process and payment of the application fee). The grounds for rejection under Part 4 Division 2 of the Trade Marks Act 1995 is an exclusive list of grounds which gives certainty to the basis for decision both for IP Australia and for intending applicants for trade marks in Australia. There are existing grounds for rejecting marks on the basis of lack of distinctiveness (s41) and marks that are likely to deceive or cause confusion due to a connotation inherent in the trade mark under s43. The wording of s43 is mandatory – there is no discretion to accept a trade mark for registration where this ground for rejection exists. The discussion in Chapter 11, that a trade marks examiner should be able to introduce other unspecified grounds to reject a mark under s43 on the grounds that it may now or in future become misleading or deceptive, is misconceived. The proposal appears to operate outside of the trade marks opposition process and in circumstances where the examiner has not received evidence on this question, either from the applicant or from third parties with a potential interest in the decision to accept the mark for registration.⁴⁶

Chapter 14: Competition policy

DRAFT RECOMMENDATION 14.1

The Australian Government should repeal s. 51(3) of the *Competition and Consumer Act 2010* (Cth) (Competition and Consumer Act).

The Australian Competition and Consumer Commission should issue guidance on the application of part IV of the Competition and Consumer Act to intellectual property.

In other jurisdictions notably in both the USA and the European Union, there has been a clear recognition that the terms of IP licences can operate in an anticompetitive manner, as summarised in Box 14.3. There are clear arguments for the abolition of s51(3) so that the terms of IP licences are regulated under Part IV of the Competition and Consumer Act, as is the case with other vertical and horizontal arrangements between competitors which restrict competition. However, abolishing s. 51(3) is shortsighted as no alternative has been proposed in its place, beyond the formulation of unspecified “guidelines” by the ACCC. The specific operation of Part IV to IP licencing agreements will require specific additional amendments to part IV to explain how the general prohibition on contracts, arrangements or understandings that restrict dealings or affect competition under s45 operates in terms of the specific competition law issues raised by IP licences. This has been the regulatory experience of Australia’s international trading partners in the European Union, the USA and Canada.

In Europe, for example, the broad prohibition on anticompetitive conduct under Article 101 of the Treaty on European Union (2016/C 202/01)⁴⁷ is subject to an express power under Article 101(3) to permit an exemption to the general prohibition under Article 101 for “agreements between

⁴⁶ The right of third parties to object to the registration of a trade mark accepted by IP Australia for registration is contained in part V of the *Trade Marks Act 1995* and the *Trade Marks Regulations*

⁴⁷ Treaty on European Union (2016/C 202/01) (Consolidated versions) at http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:JOC_2016_202_R_0001&from=EN

undertakings which contribute to improving the production or distribution of products or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefits and which do not impose restrictions which are not indispensable to the attainment of these objectives and do not afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products concerned”⁴⁸. The guiding principle for assessing the anti-competitive effect of an IP licence agreement should be:

- Does the licence agreement restrict actual or potential competition that would have existed without the contemplated agreement?
- Does the licence agreement restrict actual or potential competition that would have existed in the absence of the contractual restraint(s)?

The exemption power under Article 101(3) led to the development over time of the various Technology Transfer Block Exemption Regulations which are regulations of the European Parliament. The most recent of these is Commission Regulation (EU) No 316/2014 of 21 March 2014 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of technology transfer agreements (TTBER)⁴⁹. This in turn also required the development of guidelines, the most recent version of which is the Guidelines on the application of Article 101 of the Treaty on the Functioning of the European Union to technology transfer agreements 2014/C 89/03.⁵⁰ Both TTBER and the Guidelines operate together to provide clear regulatory guidance on both on the nature of permissible restraints in IP licences and those restraints which are impermissible in IP licences due to their anti-competitive effect.

Chapter 17 International Cooperation

DRAFT RECOMMENDATION 17.1

Australia should revive its role in supporting opportunities to promote global cooperation on intellectual property policy among intellectual property offices through the World Intellectual Property Organization and the World Trade Organization to avoid duplication and reduce transaction costs.

We agree that Australia should continue to cooperate internationally on IP policy and enforcement. Chapter 17 does not identify which countries in which multilateral fora Australia should partner with in order to promote global cooperation on IP policy. More significantly Chapter 17 does not articulate why Australia’s existing cooperation through WIPO and through the World Trade

⁴⁸ Guidelines on the application of Article 101 of the Treaty on the Functioning of the European Union to technology transfer agreements 2014/C 89/03; paragraph 5 at [http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52014XC0328\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52014XC0328(01)&from=EN)

⁴⁹ Commission Regulation (EU) No 316/2014

of 21 March 2014 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of technology transfer agreements at <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014R0316&from=EN>

⁵⁰ Guidelines on the application of Article 101 of the Treaty on the Functioning of the European Union to technology transfer agreements 2014/C 89/03; at [http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52014XC0328\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52014XC0328(01)&from=EN)

Organisation is insufficient. It appears to be a call for multilateral action by Australia in an area where multilateral cooperation on IP standards and policy is already the norm.

However the focus on international cooperation on copyright issues, for example, appears to focus around the discussion of copyright arrangements in Chapter 4 in the term of copyright protection see table 17.4. Australia has little or no policy flexibility in campaigning for change in standards for IP protection in this area as noted in Table 17.4 although this is not apparently conceded in the discussion in Chapter 4. This is also an area where Australia's major trading partners are also unlikely to have much in the way of policy flexibility in changes to IP standards and policy because they also are signatories to the same IP treaties as Australia and form part of the same policy consensus on international IP rights and standards that is reflected in IP treaties such as the Berne Convention. The ChAFTA⁵¹ model of co-operation in relation to, for example on anti-counterfeiting, does not require necessarily the changing of laws but improves the cooperation and mechanics of dealing with the issue.⁵²

The potential for continued multilateral cooperation on international IP administrative matters appears higher. However here too the presence of existing international treaties signed by Australia and by its major trading partners offers greater constraints on multilateral changes in international policy in IP administrative matters.

Generally speaking international policy on the administration of international applications for IP rights has harmonised the procedure for applying for international registration of IP rights and the maintenance of registered IP portfolios in order to make this less complex and more predictable. However the issue of international cooperation on the application and maintenance of international applications for the registrable IP rights is also well-trodden ground. For example the Trademarks Law Treaty (1994), to which Australia is a signatory, standardises the term of registration of trade marks to 10 years and specifies in Article 3 the maximum list of requirements that a Contracting Party can impose on the process of application for registration. This list of permissible requirements is exhaustive and forbids for example local requirements that the applicant demonstrate a certain level of commercial activity in the Contracting Party or provide evidence that a trade mark is already registered elsewhere as a requirement for registration in a Contracting Party. The Trademarks Law Treaty Model also contains International Forms corresponding to the maximum requirements that a Contracting Party may apply to a particular procedure or document. This process was further extended under the Singapore Treaty on the Law of Trademarks (2006) and its regulations has a wider scope of operation than the Trademarks Law Treaty and recognises the impact of modern communications technologies on the maintenance and operation of trade marks registries⁵³ The Singapore Treaty on the Law of Trademarks also creates an Assembly of the Contracting Parties to introduce international coordination and flexibility in the development of administrative details to be implemented by national trade marks offices. As WPO notes in its summary on the Singapore Treaty on the Law of Trademarks and its regulations

The creation of an Assembly of the Contracting Parties introduced a degree of flexibility in defining the details of administrative procedures to be implemented by national trademark

⁵¹ China Australia Free Trade Agreement, entered into force on 20 December 2015.

⁵² China Australia Free Trade Agreement, Article 11.23.3

⁵³ For example it recognises non-traditional marks

offices, where it is anticipated that future developments in trademark registration procedures and practices will warrant amendments to those details. The Assembly is endowed with powers to modify the Regulations and the Model International Forms, where necessary, and can also address – at a preliminary level – questions relating to the future development of the Treaty.”⁵⁴

⁵⁴ WIPO http://www.wipo.int/treaties/en/ip/singapore/summary_singapore.html