

TELSTRA CORPORATION LIMITED

Productivity Commission's *Inquiry into Australia's Intellectual Property Arrangements*

Response to Draft Report

3 June 2016

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1. Introduction

Telstra Corporation Limited ('Telstra') welcomes the opportunity to respond to the Productivity Commission's ('PC') Draft Report on its *Inquiry into Australia's Intellectual Property Arrangements*. We appreciate the consultative approach that has been adopted by the PC for this Inquiry.

We have reviewed the PC's Draft Report with interest. In keeping with the Terms of Reference, the Draft Report is extensive, addressing issues which have been considered in some depth in past reviews and others which are being considered for the first time. Many of the issues are complex and dependent on external factors. As a result, the Draft Report is a document which requires careful and detailed consideration.

In Telstra's view balanced, robust and flexible IP arrangements are integral to a national innovation agenda. Such an agenda is multifaceted, and includes:

- culture, vision and strategy;
- core education skills in science, technology, engineering and maths (STEM);
- financial and tax incentives for research, development and collaboration; and
- clear policy, laws and regulation.

While we support certain reforms to aspects of Australia's IP arrangements, we do not agree with an overall lessening of those arrangements.

*'Innovation and science are critical for Australia to deliver new sources of growth, maintain high-wage jobs and seize the next wave of economic prosperity. Innovation is about new and existing businesses creating new products, processes and business models. It is also about creating a culture that backs good ideas and learns from taking risks and making mistakes... Innovation keeps us competitive. It keeps us at the cutting edge. It creates jobs. And it will keep our standard of living high'*¹

Intellectual property arrangements address legitimate aspects of innovation, particularly incentives and rewards. If (subject to our international obligations) Australia fails to provide balanced, robust and flexible IP arrangements, we will fall behind our trading partners and we will lose the opportunity to drive engagement with disruptive technologies and creative works.

We agree with the PC's comments that some aspects of Australia's IP arrangements may have shifted too far in favour of rights holders, and those aspects may need reform. However IP arrangements should be dynamic, reflective of both the subject matter they regulate and ongoing changes to cultural perspectives. The current debate over the patentability of genetic materials, and the impacts of disruptive (streaming) services on the distribution of legal online content are current examples. We do not see current imbalances as an indication that Australia's IP arrangements should be wound back. Rather they present specific challenges to be addressed, in the context of a multifaceted innovation ecosystem.

¹ Australian Government, *National Innovation and Science Agenda – Welcome to the Ideas Boom* (2015), page 1. <http://www.innovation.gov.au/system/files/case-study/National%20Innovation%20and%20Science%20Agenda%20-%20Report.pdf>.

2. Response to the PC's Draft Report

This response only addresses those aspects of the PC's Draft Report that are of particular interest or concern to Telstra and our customers.

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.

We generally support this recommendation. Further, the formulation of IP policy should be considered in the overall context of Australia's national innovation culture and framework.

We also caution against uniform application of the PC's principles to the different IP regimes (patents, copyright, trade marks, etc.) which regulate intrinsically different intangible properties.

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.

We have some concern with this draft finding.

In many instances, changes to Australia's copyright laws have been the subject of extensive review². Australia has also had the benefit of a number of specialist IP bodies, including the Copyright Law

² For example: Phillips Fox, *Digital Agenda Review: Report and Recommendations for the Attorney-General's Department* (2004); Copyright Law Review Committee, *Crown Copyright* (2005); Australian Government Attorney-General's Department, *Revising the Scope of the Copyright 'Safe Harbour Scheme'*, Consultation Paper (2011); 2013, Australian Government Attorney-General's Department, *Review of Technological Protection Measure Exceptions made under the Copyright Act 1968* (2012); Australian Government Attorney-General's Department, *Online Copyright Enforcement* (2014); Australian Law Reform Commission, *Copyright and the Digital Economy*, Report No. 122 (2014).

Review Committee ('**CLRC**')³ and the Australian Council for Intellectual Property ('**ACIP**')⁴, which were tasked with considering specific IP/copyright issues and reforms.

We are aware that there have been instances when limited stakeholder input may have been sought, or very limited time has been given for public submissions/consultations, or responses to completed Inquiries are still pending. To ensure that Australia's IP arrangements are accountable, the process for reviewing and reforming them (particularly in a complex area like copyright) must be transparent, conducted within reasonable timeframes, and accessible to all stakeholders.

DRAFT RECOMMENDATION 4.1

The Australian Government should amend the *Copyright Act 1968* (Cth) so the current terms of copyright protection apply to unpublished works.

We support this recommendation.

Chapter 5 – Copyright Accessibility: Licensing and Exceptions

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.

We support the introduction of a principles-based fair use exception to copyright infringement, to replace the existing specific fair dealing and other infringement exceptions. We essentially support a fair use

³ The CLRC was established in 1983 as an advisory body for copyright reform. It was disbanded in 2005.

⁴ ACIP was established in 1994 to advise the Federal Minister for Industry and Science on IP matters and the strategic administration of IP Australia. It was disbanded in 2014.

exception regime based on the recommendations of the Australian Law Reform Commission (ALRC)⁵, rather than the model proposed by the PC.

US Courts have noted that a similar fair use regime (under s107 of the US Copyright Act) '*permits courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster*'.⁶

We agree that a fair use exception should be flexible and open ended. However whether use of the relevant material will in fact be 'fair' must remain the essential question.

'To say that these additional third party uses should at least be considered under the fair use exception is not to say the uses would be fair. But copyright law that is conducive to new and innovative services and technologies should at least allow for the question of fairness to be asked'.⁷

We support the ALRC's recommendation⁸ that a fair use exception should include a non-exhaustive list of '*fairness factors*' to be considered, as well as the list the ALRC recommends.⁹

We also support the ALRC's recommendation¹⁰ that a fair use exception should include a non-exhaustive list of '*illustrative purposes*', as well as the list ALRC recommends.¹¹ Inclusion of such a list is important for continuity and certainty. It also preserves existing fair dealing jurisprudence, while at the same time leaving scope for further purposes which may be created in a digital (or future) economy.

The ALRC's proposed list of *illustrative purposes* includes two purposes which are not referable to an existing exemption or licence, and which are therefore not readily understood; they are, 'non-consumptive' and 'public administration'. Telstra supports inclusion of both of these purposes and suggests that they should each be defined to provide guidance as to their scope. In particular, we support a definition of 'non consumptive' use that includes incidental or technical uses such indexing, data deduplication and interoperability functions.

Further, Telstra believes an *illustrative purposes* list should expressly referenced third-party uses on behalf of others (such as, cloud and digital locker service providers).

In its Final Report, the ALRC recommended¹² that if fair use is not enacted, a new fair dealing provision should be introduced that would consolidate the existing fair dealing exceptions, include *fairness factors* and identify fair dealings for certain new purposes. While we support fair use, if it isn't enacted we support the ALRC's alternative suggestion, which we believe is preferable to the current rigid and incremental exception framework. In that instance, *professional advice, legal proceedings* and *third party uses on behalf of others* should be added to the ALRC's list of fair dealing purposes.

⁵ Australian Law Reform Commission, *Copyright and the Digital Economy*, Report No. 122 (2014).

⁶ See *Campbell v Acuff-Rose Music Inc.*, 510 U.S. 569, 577 (1994); *Stewart v Abend*, 495 U.S. 207, 236 (1990); *Iowa State Univ. Research Found. Inc., v American Broadcasting Cos.*, 621 F.2d 57 (2d Cir. 1980).

⁷ Australian Law Reform Commission, *Copyright and the Digital Economy*, Report No. 122 (2014) 182 [7.42].

⁸ Australian Law Reform Commission, *Copyright and the Digital Economy*, Report No. 122 (2014), Recommendations 5–1 and 5–2.

⁹ The four 'fairness factors' being: (1) The purpose and character of the use; (2) the nature of the copyright material used; (3) in a case where part only of the copyright material is used—the amount and substantiality of the part used, considered in relation to the whole of the copyright material; (4) the effect of the use upon the potential market for, or value of, the copyright material (see Recommendation 5–1(b)).

¹⁰ Australian Law Reform Commission, *Copyright and the Digital Economy*, Report No. 122 (2014), Recommendation 5–1 and 5–3.

¹¹ The 'illustrative purposes' being: research or study; criticism or review; parody or satire; reporting the news; non-consumptive; private and domestic; quotation; education; public administration (see Recommendation 5–1(c)).

¹² Australian Law Reform Commission, *Copyright and the Digital Economy*, Report No. 122 (2014), Recommendation 6–1.

Chapter 6 – Patent System Fundamentals

We do not agree with the PC's comments that Australia's patent system is failing to meet the principles of a well-functioning IP system.

Australia's patent system is operating effectively, efficiently and flexibly to provide appropriate and balanced incentives and rewards for innovation. Australia's patent system is also essentially aligned with those of our trading partners, and compliant with our international obligations.

Patent protection (at all levels) is an important mechanism underpinning a diverse innovation culture and framework. Patents encourage the exploration of new ways of doing things, which in turn enhance economic and social prosperity. They provide a limited incentive for first-time innovation, they stimulate work-arounds and enhancements to known methods and processes, they encourage collaboration between enterprises, individuals and institutions, and they can facilitate commercial engagement through licencing arrangements.

DRAFT RECOMMENDATION 6.1

The Australian Government should amend sub-sections 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.

We support amendments to sub-sections 7(2) and 7(3) of the *Patent Act 1990* (Cth) to align Australia's test for inventive step with the following test applied by the European Patent Office:

'An invention shall not be considered as involving an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art.'

We agree with the PC's comments that such an amendment would simplify Australia's current (convoluted) test.¹³

We do acknowledge however that the current test was only amended with effect from 2013, with the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth) and its effect is yet to be determined by an Australian court decision. A further change to inventive step law is less than optimal, and raises transitional questions as to the impact on patents filed in the last 3 years.

We do not support the PC's recommended change to the Explanatory Memorandum for sections 7(2) and 7(3) - to show that amendments to these sections are intended to '*better target socially valuable inventions*'. It is not clear what is meant by '*socially valuable inventions*'; or how such a subjective

¹³ *Patents Act 1990* (Cth), sub-ss 7(2)–(3): '*An invention is to be taken to involve an inventive step when compared with the prior art base unless the invention would have been obvious to a person skilled in the relevant art in the light of the common general knowledge as it existed (whether in or out of the patent area) before the priority date of the relevant claim, whether that knowledge is considered separately or together with the following information: (a) any single piece of prior art information; or (b) combination of any two or more pieces of prior art information that the skilled person could, before the priority date of the relevant claim, be reasonably expected to have combined.*'

assessment of innovation would be applied with any certainty, particularly in the context of new and as yet unknown technologies, methods and systems.

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.

We support the introduction of an Objects Clause to the *Patent Act 1990* (Cth), however we do not support the form of clause recommended by the PC.

It is not clear what the words '*socially valuable innovations*' mean; or how such an assessment of innovation would be applied with any certainty - by Patent Examiners and Courts - and particularly in the context of new and as yet unknown technologies, methods and systems. A subjective interpretation of the words will also be impacted by temporal social conventions.

Telstra has previously supported the following Objects Clause¹⁴ for the *Patent Act 1990*:

'The purpose of the patent system is to provide an environment that enhances the well-being of Australians by promoting innovation and the dissemination of technology and by balancing the competing interests of patent applicants and patent owners, the users of technology, and Australian society as a whole.'

This type of clause is a modified version of TRIPS' description of the objectives of the IP system.¹⁵ It also recognises the interests of patent applicants and patent owners, and explicitly recognises the economic and social welfare concerns of patent law.

¹⁴ Telstra Corporation Limited, Submission to IP Australia, *Patentable Subject Matter – Consultation on an Objects Clause and an Exclusion From Patentability*, (September 2013) <<https://www.ipaustralia.gov.au/about-us/public-consultations/consultation-proposed-objects-clause-and-patentability-exclusion>>.

¹⁵ See *Agreement on Trade-Related Aspects of Intellectual Property Rights* (TRIPS), Annex 1C to the *Marrakesh Agreement Establishing the World Trade Organisation* (15 April 1994) art 7.

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

We do not support this recommendation. We do not agree that increasing fees in this way is an effective or efficient way of regulating Australia's patent arrangements.

The most effective and efficient way of controlling the scope and longevity of patent protection is to ensure that Australia's laws (and the administration of those laws) are directed to patents of an appropriate inventive standard and subject matter.

Chapter 7 – Innovation Patents

DRAFT RECOMMENDATION 7.1

The Australian Government should abolish the innovation patent system.

We do not support abolition of the innovation patent system.

We reiterate our previous comments that all levels of innovation should be encouraged, to create a national culture of innovation. With rapid growth in new technologies, including digital technologies, Australia's IP system should have the flexibility and agility to encourage and support different levels of innovation. Some innovations warrant long term research and funding investment, while others warrant a more expedient approach and IP outcome. There is no 'one size fits all' approach for innovation, and Australia's current IP system is uniquely placed to encourage, reward and protect a diverse range of outcomes.

We acknowledge that the current innovation patent system should be reformed to:

- **raise the innovation threshold** to a more demanding level, but one which is below the 'inventive step' required for the grant of a standard patent; and
- include additional **education and awareness programs** targeted particularly at SMEs and individual inventors, to help them understand and engage with the innovation patent system and Australia's other IP arrangements.

Chapter 8 – Business Methods and Software Patents

DRAFT RECOMMENDATION 8.1

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

We do not support the express exclusion of categories of patentable subject matter, or the explicit exclusion of business methods and software. Software is an intrinsic and vital product of clear economic

value to a modern, digitised economy. We do not agree with the PC's view that alternate forms of protection for software warrant its express exclusion from patent protection.

Section 18 of the *Patents Act 1990* (and its application by Australian Courts) is operating efficiently and effectively to identify *manners of manufacture* that warrant patent protection. The section does not need amendment. Australia's current patentable subject matter test is robust and flexible, allowing scope for consideration of future known and unknown technologies. Its recent consideration by the High Court in *Myriad*¹⁶ was a clear articulation of the *NRDC*¹⁷ principle that '*manner of manufacture*' is not intended to be an exhaustive formulation, and should be treated on a case by case basis. While endorsing *NRDC*, the High Court also identified a non-exhaustive list of factors to be considered when determining the patentability of a new class of patent claim '*on the boundaries of existing judicial development*'.¹⁸

The patentability of a computer implemented method was recently considered (without controversy) by the Full Federal Court (FFC) in *RPL*.¹⁹ The Court refused patent protection for the method, which essentially '*put*' a scheme or business method '*into*' a computer without anything more. The FFC noted that a business method or scheme must be more than a mere abstract idea. A computer must be integral to the invention, rather than a mere tool on which the invention is performed. For computerised business methods, the invention must lie in that computerisation. It is not sufficient to simply implement the business method using the computer for its well-known and understood functions. The High Court refused special leave on the basis that none of the proposed appeal grounds '*enjoys sufficient prospects of success to warrant the grant of special leave to appeal*'.²⁰

The Full Court's approach is consistent with US, EU and UK law.

Chapter 10 – Designs

DRAFT RECOMMENDATION 10.1

Australia should not join the Hague Agreement until an evidence-based case is made, informed by a cost-benefit analysis.

We support this recommendation. We also support increasing the current term of protection for registered designs from 10 to 15 years, and the introduction of a grace period for designs.

Chapter 11 – Trade Marks and Geographical Indications

¹⁶ *D'Arcy v Myriad Genetics Inc & Anor* [2015] HCA 35 (7 October 2015).

¹⁷ *National Research Development Corporation v Commissioner of Patents* [1956] HCA 67.

¹⁸ *D'Arcy v Myriad Genetics Inc. & Anor* [2015] HCA 35 (7 October 2015), [7].

¹⁹ *Commissioner of Patents v RPL Central Pty Ltd* [2015] FCAFC 177.

²⁰ *RPL Central Pty Ltd v Commissioner of Patents* [2016] HCA 84 (5 May 2016).

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 section 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; and
- 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 section 43 of the Trade Marks Act). Challenges would not extend where endorsements require goods and services to be produced in the area nominated; and
- 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.

Mandatory Disclaimers

We support restoring the power of the trade marks registrar to apply mandatory disclaimers to applications, to expressly identify non-distinctive elements which do not form part of a registered right.

In the absence of a disclaimer, the non-distinctive elements of a mark may not be obvious, particularly when they form part of a composite mark, or when used in the context of a particular industry, or when applied to specific goods or services. While a disclaimer may not identify what rights flow from a registration, it would identify what rights *do not* flow.

We acknowledge that the reintroduction of disclaimers may result in an additional step/s and cost during examination. They could however conversely serve to encourage applicants to only apply to register those elements of a mark that are distinctive, to avoid unnecessary cost or delay at examination. Further, applicants could be invited to identify the non-distinctive elements of their marks on the application form.

Any uncertainty in identifying the non-distinctive elements of a trade mark would be more efficiently resolved at the application stage. Currently it can be extremely cumbersome, complex and expensive to search the Trade Marks Register, identify potentially conflicting marks, and advise on adoption risks when it's not clear on the face of the Register the scope of rights under a registration which includes non-distinctive elements.

We agree that the reintroduction of mandatory disclaimers would assist with the 'cluttering' issue identified by the PC. Further, they would provide far greater certainty as to the validity and scope of trade mark rights, which in turn would reduce the potential for conflict between trade mark owners, and ultimately enforcement actions.

Section 17 of the *Trade Marks Act 1995* - Defensive Trade Marks

We do not support the repeal of section 17.

Section 17 is intended to apply to a very narrow category of marks, which satisfy a 'well-known' or 'famous' threshold. The limited number of these registrations on the Australian Trade Marks Register is therefore not surprising, and is also evidence that defensive registrations are not being misused.

Section 17 essentially prevents 'copycat' traders from diluting the distinctiveness (and goodwill attaching to) well-known marks. They are particularly relevant in the context of modern cross-market merchandising and sponsorship practices for many well-known marks.

Unlike the US²¹, Australia does not have trade mark dilution laws *per se*. In the absence of section 17, the owner of a well-known mark may not be able to prevent the unauthorised use and association of its mark with another trader or product, or the commensurate loss of the mark's distinctiveness. In many instances, the unauthorised use of a well-known mark may not constitute trade mark infringement under sub-sections 120(1) and 120(2) of the *Trade Marks Act 1995*, and may not amount to a passing off or misrepresentation.

To ensure that only current and relevant defensive marks are maintained, we would support defensive registrations being subjected to a renewal process. For example, the process could mirror that for all other marks and it could additionally require the owner to file evidence supporting an ongoing claim that a mark is 'well-known', or that the public associates the defensive goods or services with the registered owner.

Amendments to the Schedule of Fees

We do not support this recommendation. We do not agree that increasing fees as recommended is an effective or efficient way of regulating Australia's trade mark arrangements.

The most effective and efficient way of controlling the scope and longevity of trade mark protection is to ensure that Australia's laws (and the administration of those laws) are encouraging and supporting the registration of appropriate signs.

Section 43 of the *Trade Marks Act 1995* - Geographic References

We support the Trade Marks Office returning to its previous practice of examining the distinctiveness of geographic references in trade mark applications under section 43.

Linking ASIC's Business Registration Portal with IP Australia's Trade Marks Database

We support linking the Australian Trade Mark On-line Search System Database with ASIC's Business Registration Portal.

We also support greater education of users of ASIC's Portal about trade marks, including the differences between trade mark registration and company/business name registration, and the potential risks of adopting a company/business name without checking corresponding trade mark rights.

²¹ *Federal Trademark Dilution Act of 1995*, Pub. L. 104-98, 109 Stat. 985 (codified at 15 U.S.C. §§ 1051, 1125, 1127 (2000) (amended 2006)) (United States); *Trademark Dilution Revision Act of 2006*, Pub. L. No. 109-312, § 2, 120 Stat. 1730 (codified at 15 U.S.C. § 1125(c)) (United States).

Chapter 14 – Competition Policy

DRAFT RECOMMENDATION 14.1

The Australian Government should repeal section 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.

We do not support the repeal of section 51(3).

Calls for removal of the statutory exemption for IP licences in this section should be closely scrutinised. Section 51(3) is not a general exemption (e.g. it excludes sections 46, 46A & 48) and its removal would very likely increase costs and undermine investment incentives. It is difficult to see how any diminution of the certainty and predictability of the application of IP rights, resulting from removal of this exemption, would be justified particularly as it's not obvious that such a step would result in any significant competition benefits.

Chapter 15 – IP and Public Institutions

DRAFT RECOMMENDATION 15.1

All Australian, and State and Territory Governments should implement an open access policy for publicly-funded research. The policy should provide free access through an open access repository 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.

We do not support this recommendation to the extent that it impacts **jointly** (public and private) funded research.

Facilitating and supporting collaboration between Australia's publicly-funded research organisations and the private sector is an important driver of innovation, improved productivity and enhanced economic prosperity. Managing the IP outcomes of jointly-funded research is integral to the success of those research initiatives, and any policy against IP (particularly patent) protections for jointly-funded research may have a significant negative impact on the preparedness of commercial entities to participate.

Chapter 16 – IP's Institutional & Governance Arrangements

DRAFT FINDING 16.1

Model agreements on intellectual property would have the benefit of being fully transparent to Australian industry and to the broader community, as well as to foreign governments, so that all stakeholders are aware of what Australia sees as the ideal outcomes from a treaty.

INFORMATION REQUEST 16.3

What features should be included in a model agreement covering intellectual property if one were to be adopted?

We are interested in the PC's proposal for model agreements on IP and would welcome the issue being explored.

Telstra remains concerned by the lack of transparency in the negotiation of IP Chapters in international and trade agreements. In particular, the failure of some negotiating parties to facilitate open public discussion about the specific issues being negotiated, or to release the draft text for public review and comment. Without knowing or understanding the issues, or more importantly understanding how those issues are dealt with in specific text, it's very difficult for stakeholders to assess the potential commercial impacts of an IP Chapter, or to make meaningful submissions.

Australia should take a lead role in encouraging the release of draft IP Chapter text, subject to confidentiality undertakings, to stakeholders of *all* negotiating parties.

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 with this recommendation, also noting that Australia has maintained an ongoing leadership role in this regard, including on Trans-Tasman and regional IP issues.²²

Chapter 18 – Compliance and Enforcement

DRAFT RECOMMENDATION 18.1

The Australian Government should expand the safe harbour scheme to cover the broader set of online service providers intended in the *Copyright Act 1968* (Cth).

Safe Harbours

We support expansion of the safe harbour scheme to include any person who engages in activities defined in sections 116AC to 116AF of the *Copyright Act 1968* (Cth).

We note that the Government had proposed draft changes to the safe harbour scheme as part of an exposure draft - *Copyright Amendment (Disability and other Measures) Bill 2015*. While generally supportive of an amendment, the definition of 'Service Provider' should be carefully considered.

The following matters should also be considered:

- proposed words '*without modification of their content*' in section 116AB(a) are superfluous and should be removed; and

²² For example - Australia's consideration of a single trans-Tasman Patent Attorney regime and a single application and examination process for patents filed in Australia and NZ. Australia's participation in the Global Patent Prosecution Highway agreement. Australia's active participation in WIPO Group B+ negotiations on substantive patent harmonisation.

- proposed words ‘operator of facilities’ may cause some uncertainty and should be clarified in section 116AB(b).

We agree with the PC that the operation of authorisation liability and the coverage of Australia’s safe harbour regime are separate issues. We strongly reject an argument that the High Court’s decision in *Roadshow Films v iiNet*²³ means authorisation liability in Australia no longer functions as intended, for the reasons set out in our submission to the PC’s Issues Paper.

Judicial and Administrative Proceedings

We strongly support reforms to Australia’s Court system, to include:

- specialist IP judges
- active consideration of ‘Genuine Steps’
- active case management, including timely delivery of interlocutory judgements
- standing for trade mark and patent attorneys

While we support the Federal Court’s recently announced draft Practice Note on the Intellectual Property National Practice Area,²⁴ we remain concerned that those reforms don’t go far enough to reduce the cost and complexity of some IP proceedings, particularly complex patent litigation.

We further support the introduction of an ‘**Appointed Person**’ to hear certain appeals from IP Australia’s decisions in a timely and cost-effective manner, in a similar way to the practice currently operating in the UK.²⁵

²³ *Roadshow Films Pty Ltd v iiNet Ltd* (2012) CLR 42.

²⁴ See <<http://www.fedcourt.gov.au/law-and-practice/national-court-framework/practice-notes-consultation>>.