



THE UNIVERSITY OF
SYDNEY

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9 June 2016

Mr Peter Harris AO
Chairman, Productivity Commission
Intellectual Property Arrangements Inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

By email: intellectual.property@pc.gov.au

Dear Mr Harris

**Productivity Commission – Public Inquiry into Intellectual Property Arrangements
– Draft Report**

Thank you for the opportunity to comment on the Productivity Commission's draft report on Australia's intellectual property (IP) arrangements. We welcome many of the Commission's findings and recommendations, and make the attached comments in response. We also welcome the opportunity to attend a public hearing for the Inquiry in Sydney in June.

The key issues the University wishes to raise in relation to the Commission's recommendations are: improving access to publicly funded research; broadening of the Fair Use exceptions for copyright materials; robustness of the Patent System fundamentals following the *Raising the Bar Act* of 2012; and the cost of Patent Protection, which is already prohibitive for universities.

Should any further information be required by the Commission from the University of Sydney, please do not hesitate to contact Mr Tim Payne, Director Higher Education Policy and Projects in my office:

Yours sincerely,

Michael Spence

Attachment: Comments in response to the draft report



University of Sydney submission to the Productivity Commission's draft report on Australia's intellectual property arrangements, June 2016

Access to publicly funded research

We welcome the Commission's recommendation to improve access to public funded research by implementing a policy that requires all published research to be available on open access after a 12 month embargo period during which time the commercial publishers are able to exploit the publication. (Recommendation 15.1)

We would also add in principle support for open access to research **data** arising from government funded research after a reasonable period of exclusive use. Where open access to research data is not possible or appropriate due to privacy or other reasons, a record of the data should be made openly accessible and access to the dataset negotiated between parties.

We welcome the Commission's findings in relation to the need for government agencies other than the ARC and NHMRC to take a more consistent and accommodating approach to IP and related issues, and suggest that one way for "governments to provide generic advice to less sophisticated agencies..." would be for each level of Government to agree 'model agreements/clauses' to be used by all of its agencies with minimal exceptions.

Copyright: Fair use

The University supports the Productivity Commission's recommendation for a broad fair use exception, including but not limited to education and research purposes. (Recommendation 5.3)

We also support the Productivity Commission's consideration that an Australian fair use exception could go further than the US model to cover fair use of orphan works (where the rights holder is unknown after undertaking a reasonable search) and out-of-commerce works (where the rights holder is known but elects not to supply the market (e.g. out of print works)).

We recommend the development of an industry guideline to reduce uncertainty around the application of fair use, an example of which is [Columbia University's fair use checklist](#).

In relation to the Productivity Commission's proposed fair use factors, the University considers the wording used by the Australian Law Reform Commission in its recommended "nature of the copyright material" factor (which follows the wording from the US Copyright Act) is a preferable form of wording to the Productivity Commission's proposed "commercial availability of the work at the time of infringement" wording. If the latter wording is to be introduced, the reference to "infringement" should in our view be changed to "the use", i.e. "commercial availability of the work at the time of the use".

Copyright: Unpublished works

We welcome the Commission's recommendation to improve access to unpublished works by amending the *Copyright Act 1968* (Cth) so the current terms of copyright protection apply to unpublished works. (Recommendation 4.1) The current law prevents us from using high quality unpublished historical material in MOOCs and scholarly publications, and from electronically communicating the collections of



unpublished works in the University Library's rare and special research collections, and in the University Archives.

Copyright: Licensing

The University supports the Commission's proposal to amend the Act to make it explicit that consumers (and indeed, education and research institutions and libraries) can circumvent geoblocking measures. (Recommendation 5.1)

For example, the University purchases films in DVD and Blu-Ray format from overseas, as many independent feature film, documentary and instructional resources are not available for purchase within Australia. However, due to region code locking of disks and media players, academics are unable to play legitimately acquired education material in the classroom on the installed DVD and Blu-Ray players.

In addition, academics may want to play web content in the classroom or provide links to their students to view on their own devices via their Learning Management System – e.g. international news webcasts. Due to current geoblocking restrictions, academics are restricted in the content they can assign or show to their students for educational purposes.

Safe Harbour Scheme

We support the Commission's recommendation to extend the current safe harbour protections for Internet Service Providers to cover a broader set of online service providers including Universities. (Recommendation 18.1)

Ownership of Intellectual Property

The University welcomes the Commission's support for institutional ownership of intellectual property as preferable over government or professorial ownership as set out in section 15.3 of the report.

Patents

Patent System Fundamentals

Since the Intellectual Property Laws Amendment (Raising the Bar) Act 2012 came into effect in 2013 there have been only a handful of cases by which the efficacy of these revisions has been tested. We propose that any further revisions to the Patent Act in respect to raising the patentability standards and the requirements for patent specifications be deferred until the courts have further considered the Act and revealed a lack of robustness. (Recommendation 6.1)

Incorporation of an Objects Clause

We support steps that add clarity to the interpretation of the Patent Act. However, we are of the view that the introduction of an objects clause in the form proposed by the Commission may not achieve its purpose. We are concerned that terms such as "socially valuable" are themselves open to a variety of interpretations and will likely confuse, rather than clarify. (Recommendation 6.2)



Cost of Patent Protection

As noted in our submission to the Inquiry, the high cost of obtaining International patent protection is impeding the University from obtaining patent protection. The Commission put forward a related recommendation for the Australian Government "to 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". (Recommendation 6.3)

We are concerned that a general increase in fees may have a negative impact on the University's ability to obtain patent protection which, in turn, may limit the diffusion of technology to Australians. Instead, we ask the Commission to consider the tiered approach to patent costs adopted by the US Patent and Trademark Office. This approach provides for most fees on the USPTO fee schedule to be applied differently depending on whether the applicant is a "large", "small" or "micro" organization. For example, Higher Education institutions qualify as "micro entities" which entitles them to an 85% reduction in USPTO fees including renewal fees in most instances.

Innovation Patents

We are concerned by the Commission's recommendations to abolish the Innovation Patent system. (Recommendation 7.1) Notwithstanding the valid concerns raised by the Commission regarding the way in which Innovation Patents are used in litigation practices we recommend that there is benefit to had by retaining a second tier patent system in Australia. Rather than abolishing Innovation Patents we ask the Commission to consider reforming the system to overcome some of the major issues. For example, we recommend that the Patent Act be amended to only allow an applicant to have one patent or innovation patent place for a single innovation.

Exclusion of business methods and software from patentable subject matter

In the interests of standardizing patent legislation across jurisdictions we support the exclusion of business methods and software from being patentable subject matter. (Recommendation 8.1)

Extension of Pharmaceutical Patent Terms

We welcome the Commission's recommendation to calculate extension terms for pharmaceutical patents with the time taken for regulatory approval by the Therapeutic Goods Administration over and above one year. (Recommendation 9.1)

Request for Additional Information

Patents

Information request 6.1

We believe that the current approach is adequate. From our experience patents that are drafted by Australian patent attorneys usually meet the requirements of key international patent offices including the US and Europe. In order to ensure there is continuing flexibility to accommodate any future changes to the practices in these jurisdictions we recommend the patent filing process remains as currently stated in the Patent Act and its regulations.

Information request 6.2

We are aware of some uncertainty regarding how the exemption operates in the area of clinical trials. It is not clear whether the use of a patented invention in a clinical trial will fall within the scope of "experimental activities". If not then we expect there may be several trials in the future that may not occur due to the limitations of this exemption. In any event, we recommend that the Patent Examiner's Manual be amended to provide clear guidance on this exemption generally.

Information request 17.1

In our experience, the Patent Cooperation Treaty is used extensively to reduce the short-term costs for obtaining patent protection overseas.

In respect to other options that would facilitate and promote the licensing and transfer of intellectual property between Australia and other countries we are aware of the following fee paying initiatives:

National Programs (Supported by National Patent Offices or WIPO)

Phillipines: IP Depot www.ipdepotph.com

Australia: Source IP <https://sourceip.ipaustralia.gov.au>

World Intellectual Property Office: WIPO Green <http://www.wipo.int/portal/en/>

In addition, the University of Melbourne and Monash Universities have recently formed M2 Venture Catalyst for the purpose of funding early stage development of biomedical discoveries to increase the prospects of commercialisation of these discoveries (<http://m2venturecatalyst.com.au/about/>).